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#### eagan Declines U.S. Gets o Rule Out Aid A 'Sanity' Afghan Rebels $^{Budget}$

terest, he said:

ew York Times Service

INGTON - President as said in a television innat, if Afghan insurgents Soviet forces asked for he would consider comth the request.

aid Tuesday that Presi-zan admitted Washington ashed an unlimited war" gime in Afghanistan, aco The Associated Press. Reagan only reaffirmed what his predecessor Jimr preferred to keep silent ass was quoted as saying. id the "anti-Afghan banations ... are formed, id equipped with Americs and Chinese yuan" in

ated the Kremim posi-Soviet troops will not be a from Afghanistan withble guarantees that there more intervention."]

television interview, Mr. n Monday dismissed the of a strong Soviet reace United States sent aid, ted Sunday by Secretary -e Caspar W. Weinberger. it know that they could ve an objection to that," an said of the Russians. ink it is something, as I considered. And I'm saynow without having sat

agan repeated his defense nilitary aid for the Salva-Communist expansion in Tarn Hemisphere.

h the secretary and others ced at all the ramifica-

asserting that he did not anding U.S. troops to El State Alexander M. Haig e effect that "there are it sometimes people have

#### vionroe Doctrine agan's remarks, a contin-

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geographic designation of the second

the anti-Soviet stance he since the beginning of nistration, followed by vir. Weinberger's suggest sending weapons to Af-interest sight supaid if asked, but that it t tolerate alleged Soviet plies to the Salvadoran the ground tuar such aid alate the Monroe Docth says that Latin Amerihe U.S. sphere of influ-

the Carter administra-is reported and never dethe United States had applied the Afghan insur-h Soviet-made arms sent Pakistan. However, fordent Jimmy Carter avoidmilitary aid to prevent e conflict in Afghanistan -Soviet confrontation. It said that overt arms ship-ald have to go through inviting a Soviet thrust

degan, in his interview, address the meaning tates would be open to criticism of interference eveling against the Soviet regard to El Salvador. the president did chalcharacterization of the us "rebels."

> e used the term 'Afghan d sometimes I think the nion has been successful copaganda with getting us ms that semantically are "Mr. Reagan said.

are freedom fighters. people fighting for their itry and not wanting to satellite state of the Sovi-, which came in and esa government of its there, without regard to gs of the Afghans.'

Salvador, Mr. Reagan vosition to Communism

; in the United States' vi-

#### est-Tube Baby' in Melbourne

The Associated Press "OURNE — Australia's test-tube baby" was born idrew's Hospital on Tuesials reported. The baby, a about three weeks prema-Ad was delivered by n section. The ovum had rilized in laboratory glassid reimplanted in the

arents, who live in Meland had been trying to baby for more than 14 ked the hospital not to their names. Australia's tube baby, Candice Reed,
1 at the Royal Women's in Melbourne on June 23.

tal interest. But asked whether Americans should fight for that in-

"I don't think that that's going to be necessary. That hasn't been asked of us in El Salvador. I have to say what Secretary Haig said at one of the Senate hearings on his appointment, when he said no one can guarantee that peace forever, but we hope we can. We're going to strive for it. That's our goal and our purpose. But we must remember there are things that sometimes

people have to fight for."
When asked whether this meant that the United States would be prepared to fight to prevent Communism from spreading beyond Cuba to other Western Hemisphere nations, Mr. Reagan said; "That's carrying what I said a little too far. I have not seen a need for intervention, armed intervention,

#### **Afghans Urge Caution**

NEW DELHI (UPI) — Exiled Afghan leaders reacted cautiously Tuesday to President Reagan's re-mark that he would consider sending arms to guerrillas. They urged the president to choose the recipients wisely.

Political and intellectual leaders, cluding recently defected officials, expressed fear that their country would become a U.S.-Soviet battleground.

Several said they hoped that a supply of U.S. arms to Afghan insurgents would unite the rebel groups that often turn against each

By Juan Vasquez

Los Angeles Times Service

Army adviser has said that Ameri-

can servicemen in El Salvador are

under instructions to avoid fight-ing or combat except for self-de-

fense or to help another member

The adviser, a captain, appeared

Monday at a news conference with

another U.S. Army officer at a Sal-

vadoran Air Force base on the

outskirts of the capital, breaking

the secrecy that had surrounded

The two men spoke to some 60

foreign reporters, who had been

denied permission for weeks to see

or talk to American servicemen

sent here following stepped-up

fighting between government

U.S. Embassy officials asked that the names of the two officers

not be used and that no photo-

Like Taxis

a 14-man detachment that is teach-

ing Salvadoran pilots and mechan-

ics how to operate and maintain the six UH-1H helicopters provid-

ed to El Salvador in the waning

days of the Carter administration.

tor, the Salvadoran pilots already

are undergoing a five-week course

The officer said that the helicop-

ters provided to El Salvador would

operate "like a taxi" and were not

the aircraft they had seen were equipped with placements for ma-

chine guns, the officer said that

When reporters pointed out that

designed for offensive purposes.

know how to fly helicopters and

in the operation of the UH-1H.

According to the flying instruc-

The two officers are members of

of the U.S. contingent.

their presence here.

forces and guerrillas.

graphs be taken.

SAN SALVADOR - A U.S.

\$48 Billion Cut; **Arms Funds Up** 

> By Owen Ullmann The Associated Press

WASHINGTON - President Reagan laid before Congress Tues-day a \$695.3-billion budget that he claimed would return government to "economic sanity" through overall cuts of \$48.6 billion, despite increased military spending.

Mr. Reagan's revised fiscal-1982 program would boost defense spending by \$4.8 billion and slash 300 domestic programs from the projections left by former Presi-

It would leave a \$45-billion deficit, due partly to Mr. Reagan's separate proposals to cut tax rates. The budget contains \$13.8 billion in newly announced cuts, including deeper reductions than previously sought in welfare, water projects, job programs, public housing, food stamps and education. New reductions are also proposed in veterans programs, loan subsidies and dozens of social ser-

Mr. Reagan said in a message accompanying the document that it "will stop runaway inflation and revitalize our economy if given a chance." He asked Congress to join him in a quest to "move America back toward economic

"There is nothing more important than putting America's economic house in order. The next -steps are up to Congress," he said,

A U.S. adviser (right) works with two Salvadoran mechanics on a helicopter. Salvadoran military

officials prohibited the photographing of the adviser's face and insisted that he not be identified.

U.S. Army Officer in El Salvador.

Affirms Order to Avoid Combat

such weapons, if used, would be

the United States had wanted to

send offensive aircraft, it would

have sent the Cobra helicopter

rather than the Huey, as the UH-

"That aircraft [the UH-1H] does

not have the capability to be lowed to carry a "sidearm" for turned into an offensive capacity," protection.

The other officer added that if had served in Vietnam, said he be-



Chancellor of the Exchequer Sir Geoffrey Howe displays the original budget box, made in 1860, as he departs 11 Downing St. to announce the latest budget to the House of Commons.

#### British Budget Seeks Substantial Tax Rise

By Leonard Downie Jr.

Washington Post Service LONDON — The Thatcher government, struggling to maintain its monetarist economic strategy dur-Britain's severe recession,

During their off-duty hours, the men said, they are restricted to the city of San Salvador and are al-

One of the officers, who said he

lieved that El Salvador's soldiers

were superior to the U.S.-trained

and supported South Vietnamesc.

(Continued on Page 2, Col. 7)

How? he was asked,

Tuesday substantially increased the tax burden on individual Britons while giving only a measure of relief to hard-pressed businesses. In its annual budget, the govern-ment cut the minimum interest

rate from 14 percent to 12 percent make loans and mortgages cheaper and the price of British exports more competitive in world It also proposed a package of

tax breaks, loan guarantees and other incentives for small businesses, plus minor tax adjustments for the rest allendustry.

But to compensate for these in-

centives and to hold down a growing budget deficit that threatened Prime Minister Margaret Thatcher's strategy for squeezing down inflation. Chancellor of the Exchequer Sir Geoffrey Howe announced surprisingly steep tax in-

#### Excise Taxes

Excise taxes on alcohol, tobacco, gasoline and automobiles were immediately raised by as much as 30 percent, pushing up the price of a package of cigarettes to nearly \$2, bottle of whisky to more than \$13 and a gallon of gasoline to nearly \$3.50. The income tax burden on the average family was effectively increased because Sir Geoffrey refused to follow past practice, of adjusting tax brackets for inflation.

The changes were denounced by opposition politicians and labor leaders as likely to further deflate the already limp British economy and push unemployment even

The government's own accom-panying economic statement pre-dicted another sharp drop in industrial output in 1981 and a continuing rise in the unemployment rate, which is already more than 10

Opposition Labor leader Michael Foot called the Thatcher budget a "catastrophe of the first order for the British economy and the British people." He said the measures to help industry were "very little compared with the massive and monstrous deflation of the economy which this budget

"The few crumbs of comfort given to industry," said Britain's lead-(Continued on Page 2, Col. 1)

#### Token Strike in Lodz **Breaks 4-Week Truce**

#### 300,000 Defy Polish Union Leaders

By Brian Mooney

Renters

WARSAW — Lech Walesa, leader of the Polish independent trade union Solidarity, held his first meeting with Premier Wojciech Jaruzelski Tuesday night as tension mounted after a onehour strike by more than 300,000 workers in Lodz, Poland's second-

largest city.

The strike, which dealt a blow to a 4-week-old truce between the government and Solidarity, went ahead despite an appeal from union leaders for restraint.

Talks between the Lodz union branch and city officials continued all day without resolving the dis-pute. The workers are demanding the reinstatement of five workers dismissed from a police hospital. A new problem arose when the Lodz police refused to sign a dec-laration that would allow the five, including four Solidarity activists, to resume their union functions in the hospital.

Solidarity officials in Lodz denied a Warsaw newspaper report that Mr. Walesa had disowned the

Mr. Walesa was due to hold wide-ranging talks with the govemment on a seven-point resolution drafted by his union executive last Sunday. "There are more than seven points to discuss," he told reporters before entering the Council of Ministers building in

#### Another Trouble Spot

Solidarity said that members of its branch in another potential trouble spot, Radom, had sent a letter to the premier calling on him to settle their grievances.

They are seeking the acquisition of police buildings for the public health service and the punishment of party and administrative officials responsible for the suppression of a local workers' revolt in ence to the director of the police

Rural union activists from Rzeszow also sent a letter to the there would refuse to deliver food if Poland did not ratify a convention of the International Labor Or-

• Rural Solidarity holds a boisterous congress in the Poznan opera house. Page 2.

ganization that would cover the rights of farmers to form trade

The government has consistently opposed the establishment of a rural Solidarity union of private

#### Bigger Strike Threatened

Solidarity officials conferred after Tuesday's token stoppage in the hope of resolving the dispute before the deadline for a planned expansion of the strike on Thurs-The Lodz Solidarity branch has

approved plans to bring the re-gion's entire textile industry and transport services to a halt in pro-

gressive stages.

Tuesday's stoppage was the first
major industrial strike in Poland since Gen. Jaruzelski was sworn in as premier four weeks ago. He appealed then for a 90-day period

without strikes.

Sirens signaled the start of the one-hour factory shutdown in Lodz. Trams and buses pulled up as all the union's 300,000 regional members stopped work.

Polish red and white flags fluttered from factory and office windows, and the police, following a recently established custom, van-

hospital, Col. Jan Jankowski.

Principle Debated A huge poster asked the question: "Director Jankowski - To be or not to be?" This was a refer-

Solidarity said that Col. Jan-kowski fired the workers after they had forced the canteen to sell to employees some six kilograms (13 pounds) of ham that the management had set aside for itself.

But the colonel said the ham incident had been blown out of pro-portion. This is a hospital," he said. "There must be discipline, order and quiet here, and Solidarity is fomenting discord."

He said that insulting remarks about the management on Solidar-ity's notice board had distracted employees to the extent that one day there were no nurses in the operating theater because they were too busy reading union bulletins.

The talks in Lodz on Tuesday centred on the principle of whether independent union activity was permissible in what is in effect police territory.

The local police said Monday night that they had no power to issue a declaration permitting independent union activity, and that the case would have to be considered at a higher level in Warsaw.

#### Warsaw Pact Drills

WARSAW (AP) - Joint Warsaw Pact land and sea exercises will begin later this month in Po-land, East Germany, Czechoslova-kia and the Soviet Union, the official Polish news agency announced

The one-paragraph statement referred only to military exercises and did not use the word maneuvers. It appeared after reports last week that military exercises were expected to begin some time in March.

Western observers here said that they expected such exercises, call-

#### U.S. Intelligence Officials Seek To Broaden Surveillance Powers

By Robert Pear New York Times Service

WASHINGTON — The Reagan administration's intelligence officials are asking for fresh authority to gather information on Americans in the United States and abroad by using such "intrusive" techniques as searches, physical surveillance and the infiltration of domestic organizations.

The authority is being sought in a proposed executive order that would in effect overturn many of the regulations imposed on intelligence-gathering activities by for-mer Presidents Gerald R. Ford and Jimmy Carter.

An interagency working group led by CIA officials has proposed many changes in Executive Order 12036, the basic framework for all intelligence activities, signed by Mr. Carter on Jan. 24, 1978. The draft order, now treated as secret, would become public and would have the force of law if signed by President Reagan.

#### Rockefeller Report

The proposed order would re-cast the Carter order in terms that authorize, rather than restrict, the collection of intelligence information and the use of searches, surveillance and infiltration.

It would end many restrictions imposed by President Ford in 1976 on the recommendation of a presidential commission headed then-Vice President Nelson A.

Rockefeller. The commission had documented extensive spying on American citizens by the CIA. The draft order would down-

grade the role of the attorney general in scrutinizing intelligence activities from a legal point of view; remove the requirement that information be collected by the "least intrusive means possible" and re-lax some restrictions on infiltration of domestic organizations. It also appears to weaken a sec-

tion of the Carter order that required intelligence officials to re-port evidence of possible crimes to the attorney general. Journalistic Aspect

#### The proposal makes no refer-

ence to the rights of journalists. It broadens the type of surveillance that may be conducted by an agency investigating "unauthorized disclosure" of intelligence informa-tion, and conceivably reporters might be included in such an investigation. The rules governing an intelligence agency's relationships with clergymen and scholars would not be affected. The impetus for a new executive

order grew out of a recent meeting cussed terrorism with Mr. Reagan. The White House asked various agencies to suggest changes in intelligence regulations to improve anti-terrorism capabilities.

The director of central intellizence, William J. Casey, and Daniel B. Silver, general counsel of the CIA, took the initiative in revising the Carter executive order.

#### Respect for Liberties

The proposed order says that intelligence agencies should respect "established concepts of privacy and civil liberties." It would not change those sections of the Carter order that prohibited assassination by agents and curtailed experimental research on human beings. But it would give the CIA greater latitude to collect information within the United States.

The Carter order, which remains in effect until changed, says flatly: The CLA may not engage in any electronic surveillance within the United States." The proposed order would delete this sentence and insert "the CIA may engage in electronic surveillance activity within the United States only for the purpose of assisting, and in coordination with, another agency authorized to conduct such surveil-

The proposal would sharply reduce the restrictions on the most intrusive techniques, such as searches and "surreptitious entries," for which search warrants are clearly required in criminal in-

The existing order says a warrant is also required when such techniques are used for intelligence purposes unless the president has approved the general type of activity involved and the attorney general has approved its use in a spe-cific case, after finding "probable cause to believe" that the target is an agent of a foreign power.

The draft order drops both the "probable cause" standard and the requirement of presidential approval. It says "the attorney general may approve the use of such techniques by category" or delegate his approval authority to the head of any intelligence agency.

The existing executive says that intelligence agencies may collect, store and disseminate information about a person who is "reasonably believed" to be acting on behalf of a foreign power or engaging in international terrorist or narcotics

The draft order drops the requirement for a "reasonable" belief and would permit agents to collect information about a person who has acted or may be acting on behalf of a foreign power," or who "has engaged or may be en-gaging" in terrorism or the narcot-

#### Eurodefense

#### West Germany's changing em-

INSIDE

phasis on future defense projects has triggered a search for new and more modest alternatives, possibly involving U.S. participation in a projected supersonic tactical fighter for the 1990s, government and industry sources in European capitals say. Page 3.

#### Peking's Curbs

Restrictions are being tightened again on the freedom of artistic, literary and intellectual expression in Peking, raising fears that the recent creative resurgence may be at an end. Page 5.

#### *TOMORROW*

#### Bonn's Bankroll Bonn's decision to delay or

cancel some joint weapons programs may signal an eclipse of West Germany in its recent role as the bankroller of many, successful European ventures and financier of European unity. A news analysis.

#### Longtime U.S. Employee Is Chinese Puzzle

New York Times Service WASHINGTON - Zhao Wenjin was hired by the U.S. government in 1926 as a. messenger and handyman at the consulate in Xiamen, on the coast of Fujian province across the Formosa Strait from Taiwan. In 1945, when the consulate was closed, he was

The order was reaffirmed in 1950 by a British diplomat who was visiting on American instructions after Chinese-U.S. relations were broken off in 1949.

caretaker is chigible for a government pen-"He's been working very loyally for 55 years," said a political officer on the State Department's China desk. "The image of him sweeping this place religiously through the Korean War and the Cultural Revolution

The consulate at Xiamen was part of the large U.S. government presence in China before the Communist takeover. The United States claims 110 buildings in 17 parcels

partment officials say they know of no other case in which an employee has remained on the job for so long. Many of the employees left China; others stayed and took other jobs. The State Department has not kept up

Mr. Zhao remained on the U.S. governpaid by the British, who were reimbursed by the U.S. government. He earned 97 yuan (about \$53) a month, a substantial sum by Chinese standards. In 1975, with the restoration of relations, Mr. Zhao once again came under the direct control of the U.S. govern-

finally visited by a State Department official. who was touring that part of China and de-cided to drop in. He found Mr. Zhao in good health and still going to work at the consulate every day.

But there is a question whether he was part of the pension plan." Apparently, in the late 1940s most local

der the U.S. government pension plan. But because Mr. Zhao was a handyman and not working behind a desk, the State Department official said he doubted that Mr. Zhao would have been covered. The problem is that there seems to be no record of his eligi-

of the Fujian Oceanographic Institute.

#### Janitor at Ex-Consulate May or May Not Be Eligible for Pension It was not until May, 1980, that he was

By A.O. Sulzberger Jr.

told by a U.S. vice consul to look after the

So, every day for the next three decades Mr. Zhao followed instructions and cleaned the consulate. Now the State Department is considering whether the 75-year-old Chinese

is kind of poignant."...

worth a total of \$11 million as part of its official claim against China. This is one of the unresolved issues between the two gov-A number of Chinese employees were working for U.S. missions in China when the Communists took over in 1949, but State De-

with these former employees. ment payroll. In the 1950s and 1960s he was "The question of his retirement is being considered," a State Department officer said.

employees of the Foreign Service came un-

While he has taken sole care of the consulate,, the two buildings in the compound have been used as a consulate by the Philippine government (1945-1949), as a rest home for Chinese Communist Party officials (1949-1979) and most recently as the home

One of the hijackers waves a machine gun from the cockpit of the Pakistani aircraft.

#### Syria Says Talks With Hijackers Failing Because of Pakistan 'Hard-Line Attitude'

free more than 100 hostages held by three gunmen on a hitacked Pakistani airliner had failed

to produce substantial results. in a statement to reporters, he said this was because of a hard-line attitude adopted by the Pakistani government in the contacts and failes. He said the hijackers had rejected a Pakistani reply to their terms for freeing the passengers and crew of the Boeing 720 that arrived here Monday from Kabul.

day to meet their demands or they would take "drastic action." He ment another list of persons they sible exchange for the hostages, want freed from prison immediatewant freed from prison immediate-

He told reporters the hijackers had given their list and then said they wanted the release of all political prisoners in Pakistan. Unofficial sources in Karachi, Pakistan, said a special plane was being prepared for a flight to the

#### Thatcher's Budget Seeks **Substantial Tax Increases**

(Continued from Page 1)

ing labor leader, Trade Unions Congress General Secretary Len gued that this could be done while Murray, "are totally inadequate to stop yet more factory closures. layoffs and rising unemployment." Even Britain's most conservative husiness group, the Institute of Directors, was not entirely pleased. Its chairman, Sir William Mather,

welcomed the government's refusal to succumb to the "temptation of spending its way out of recession" hut enticized the "back door" increase in income tax as "no way to restore personal incentives." Industry leaders also expressed

disappointment that the extra burden on individual taxpayers was not offset by bigger benefits for businesses and that the reduction in the minimum interest rate was not larger.

Tuesday's cut in the minimum interest rate brought it down to the level where it was before Mrs. Thatcher's government raised it to a record 17 percent in 1979 as an effort to discourage borrowing and to restrict growth of the money supply. But the high interest rate. along with Britain's North Sea oil income, pushed the exchange value of the pound sterling so high that prices of British exports soared.

Anticipation of Tuesday's reduction of Britain's minimum interest rate to well below those in the United States and West Germany had already made the pound starling less attractive to speculators in recent weeks. Its exchange value had fallen from above \$2.40 to around \$2.20. But it recovered nearly I cent Tuesday, to \$2,2210. cent. The nine trade unions inand it was expected by some analysts to rise further because the interest rate reduction was not larg-

The Confederation of British Industries, the Trades Union Congress, the major opposition parties in Parliament and some influential back-benchers in Mrs. Thatcher's own Conservative Party had all urged the government to start reflating the economy by spending more money on public works, including roads, railroads, waterworks, sewers, gas pipelines and

nuclear energy. Industry leaders and conservative back-benchers arcutting spending on government bureaucracy so that Mrs. Thatch-

er's overall strategy would not have to be abandoned. But Sir Geoffrey Howe made clear Tuesday Mrs. Thatcher's belief that now was not the time to make such a major change in poli-"To change course now," he said in Parliament, "would be fatal to the whole counter-inflation

He said the budget was designed to protect that strategy, under which the inflation rate has fallen from a high of 22 percent last year to 13 percent today. The inflation rate is expected by many economic analysts to drop below 10 percent by the end of the year.

Sir Geoffrey realfirmed the Thatcher government's determination to reduce public spending, in part by holding down government employees' pay raises despite the selective disruptive strikes begun by civil servants.

#### Civil Servants Strike

LONDON - British civil servants began a campaign of selective strikes Tuesday aimed at disrupting government computer centers and defense networks.

It was the latest stage in the civil servants confrontation with the Conservative Thatcher government over a pay claim of 15 pervolved said 45 radio operators had gone on strike at the government's communications base at Bude, in western England, which monitors messages from Soviet satellites and radio broadcasts.

The unions ordered 44 administrative workers to strike at the Polaris submarine base in Clyde, Scotland, while computer operators also stopped work at another naval base in Scotland and at three

Cognac Courvoisier...
The French way of life.

**COGNAC** 

**COURVOISIER** 

Reuters

In Islamabad, the Pakistani cap

DAMASCUS — A Syrian ital, a spokesman said the hijackers
spokesman said Tuesday that talks had given Pakistan until Wednesthat more than 30 relatives of the hijackers and political prisoners were given new clothes and other said that they also gave the govern- amenities in preparation for a pos-

> they could not confirm the Karachi report.] The secretary-general of the Detense Ministry, retired Maj. Gen. Rahim Khan, said it was not clear whether 55 persons named Tues-day were included in the hijackers' original list of 92 or were addi-

Gen. Rahim said the hijackers did not elaborate on their latest ultimatum but he added that they had previously threatened to kill the passengers one by one and blow up the aircraft. The gunmen seized the plane on March 2 dur-ing a domestic flight from Karachi to Peshawar.

The Syrian spokesman had earlier voiced hopes that the 9-day-old hijacking, believed to be the longest ever, might be over Tuesday. In his later statement, he said there was still hope that agreement might be reached when negotiations resumed Wednesday.

Talks so far have been conducted between the hijackers and Pakistani diplomats in Damascus, with Syrian officials assisting.

Pakistan's President Zia ul-Haq was quoted Monday night by Brit-ain's Independent Television News as saying he was prepared to free

So far Pakistan has agreed to release five relatives of the hijackers detained in connection with the murder of a religious student lead-er in Karachi University last month. It has also said it would free 15 and possibly more of the 92 prisoners who were not facing serious criminal charges. Gen. Rahim, who is also chair-

man of Pakistan International Airlines, said the Afghan government Tuesday handed over a passenger released before the plane flew to Damascus. This left 102 passengers and crew on board, he added.

Pakistan was insisting on a simultaneous release and would not carry out its part of a settlement until the passegers and crew had been handed over to the Syrian authorities, he said.

#### 18 French Airmen Die in Island Crash

MORONI, Comoro - Ali 18 crew members of a French Air Force Dassault-Breguet Atlantic ANG died Tuesday when the aircraft crashed near here, Comoran authorities said.

The plane, on a marine research mission, crashed shortly after takeoff from Moroni bound for the French Indian Ocean island of Redockyards in southern England - union. In Paris, the Defense Minis-Chatham, Portsmouth and Devon- try confirmed the crash but gave no details.

#### Rural Solidarity Congress Picks WORLD NEWS BRIE Leaders in Boisterous Session

By John Darnton

New York Times Service POZNAN, Poland - The old opera house here had never seen a

show quite like it. Nearly 500 farmers from throughout the country used the elegant prewar building for the first national congress of their still unrecognized union, known as Ru-ral Solidarity. The two-day session

ended Monday.
The speeches from the stage delivered under the shadow of a crucifix held aloft by a peasant who was dressed in the richly-embroidered woolen costume of the southern mountain folk - were thundering and, at times, meander-ing. Interjections from the audience were boisterous.

But the proceedings were never unmanageable, only what might be expected from an audience intoxicated with democracy. In the end,

everone got his say.
"You see, it takes time to learn how to do these things," said a farmer from Krakow. "You must expect a lot of noise at first. No one here has ever voted before - I mean really voted, with no one looking over his shoulder."

#### Railors for Leaders

As he spoke, ballots were being passed out, with studied ceremony. as if those in charge were pretending they had presided over scores of elections. The delegates slipped out in ones and twos to mark their ballots and drop them secretly in an urn behind the opera house cur-

The voting was for leaders of the nascent union and for a chairman. The choice was between two men, Henryk Gora, a journalist who has returned to the land, and Jan Kulaj, a 23-year-old activist from the militant agricultural region of Rzeszow. At the end of the day, it was announced that Mr. Kulaj had won, getting 452 of the 474 votes.

The meeting was important in another respect: It formally joined in a single organization the three separate groups seeking to lead the country's 3.5 million private farm-

The group's full name is the Independent Self-Ruling Trade Union for Individual Farmers - Solidarity." But it will probably be known by the name of the largest of its components. Rural Solidarity. The combined membership is said by the organizers to be about 1.8 million, but they readily concede they are only guessing. The government does not recognize the organization as a legitimate trade union.

#### Widening Jurisdiction

Aside from electing a leadership, the congress had scores of items to attend to, and the group attacked them with gusto. No point appeared to be too small to escape lengthy and pungent oratory.

Shouts resounded through the auditorium when it was explained that the statutes excluded landowners of less than half a hectare (a hectare is 2.47 acres), a qualification, it seemed, that eliminated beekeepers and mushroom growers. The statutes were amended to include them.

Debate then ensued over the question whether a village elder, who is among other things the tax collector, could hold union office. Finally the man who held the crucifix stepped forward and said: 'Wait a minute. I'm a village elder and you mean to tell me I can't do anything for Solidarity?" It was decided he could.

The conference seemd about to split over the question of where the headquarters should be - in Poznan, Warsaw or Rzeszow. Mr. Kulaj stilled the storm with a compromise that parceled out various offices to the three towns.

#### Authorities Under Attack

In their speeches the delegates demanded official registration for their union, attacked harassment by policemen, demanded religious instruction in schools and in general struck out at the authorities. "They are the ones creating the situation of opposition, not us," said a farmer from Jelenia Gora. "Why do they always tell us what to do?" demanded a man

#### Pole Imprisoned For Hijacking

BERLIN - A Polish hijacker who used a dummy hand grenade to force a plane to fly to West Berlin on Dec. 4 has been jailed for

Andrzej Perka, 39. a mechanic. took over the Polish airliner on a flight from the southern town of Zielona Gora to Warsaw and made the crew fly to the U.S. military airbase at Tempelhof. The plane was carrying 19 passengers and a crew of five.

The hijacker said he had been dismissed from several jobs and had been turned down on at least five emigration applications after he had refused to work as an informer for the Polish security ser-



from Pionkow. "They pull us ers and farmers are united. What around like a horse with its eyes those comrades over there in Russea could not do in 62 years, we have already done.

We have to learn who is against At the day's end, the leaders read texts of messages to the parus farmers," declared a third, "whether it is [Communist Party liament, asking for a law to legalleader Stanislaw | Kania, Marshai ize the union, and to the Council Guewa [Stanislaw Guewa, head of of Ministers, condemning censor the Communist-run Peasant Party or whoever. Whoever II is, we will when Mr. Kulaj was announced When Mr. Kulaj was announced

deal with him. We must have demas the winning candidate for chair-man, the young farmer was hoisted ocratic elections to the parliament and get rid of Gucwa." The remark drew an ovation. aloft, kissed a dozen times and The speaker went on: "Why do you think I am talking so bravely?" handed flowers, while the audience rose to sing "Sto Lat," or "May be live 100 years." He made a very Because the country's democratic renewal must take place, regardbrief acceptance speech, thanking the group and God. less. Lech Walesa is right - work-

#### U.S. Budget Highlights

WASHINGTON — Highlights of President Reagan's proposed \$695.3-billion budget for fiscal 1982:

 Agriculture: elimination of the \$500-million loan guarantee program for rural business and industry run by the Farmers Home Administration, as well as cuts in its funds for farm ownership and disaster relief; cuts and changes in loan programs; two-year, \$146-million cuts in Food for Peace loans; a \$13-million increase in agricultural research and extension programs.

• Defense: a \$226.3-billion 1982 budget, with \$39.6 billion in new spending authority this year and next, a total of \$1.9 billion in military pay increases; \$300 million more for nuclear projects, primarily weapons; cuts in civilian stall and office expenses; a new manned bomber, a muclear surrait carrier and numerous

 Energy: an 58.7-billion reduction that would gut the synthetic fuels program and eliminate funding for the new Conservation and Solar Bank, weather-proofing grants, and alcohol-fuel and geothermal energy programs; increases in nuclear spending, including work on two reactors; an increase in the strategic petrole-

• Foreign affairs: international affairs budget outlays stable this year and down \$100 million next year; a fund of an unspecified amount to be used on short notice for "critical security assistance" as part of a \$900-million increase in security assistance; cuts for the International Communications Agency, the Export-Import Bank, the Peace Corps and UN agencies, and slower payments to international development programs; more money for Radio Free Europe and Radio Liberty.

#### Reagan's 'Sanity' Budget Sets \$48.6 Billion in Cuts

(Continued from Page 1) adding that he was acting on a mandate given to him by the vot-ers last fall.

The revised budget updates a preliminary plan for spending cuts that Mr. Reagan made public last month. It has been sent to Congress along with Mr. Reagan's proposal to trim personal income tax rates by nearly 30 percent over the next three years and to cut business tax rates through accelerated depreciation schedules.

Top Republicans on the congressional tax-writing committees planned to introduce the administration's tax proposals Tuesday.

Mr. Reagan's spending plans. certain to stir up a vigorous light in Congress, make a sharp shift in priorities from social programs to a military system beeled up by the development of new weapons.

House Speaker Thomas P. O'Neill, D-Mass. predicted that sentiment will abate "when people truly appreciate" what the budget cuts will mean to the country. Then," he said, "the wind will

The Pentagon's share of the budget would rise from 24 cents of each federal dollar this year to 27 cents in 1982 and 37 cents by 1986. under Mr. Reagan's plan.

#### Welfare Cutback

Benefit programs that provide aid to individuals, such as Social Security and unemployment compensation, would continue to account for about 48 cents of each federal dollar.

Mr. Reagan detailed most of his planned cutbacks on Feb. 18. Newly announced cuts include:

 Dropping a Carter proposal that would provide an investment tax credit to companies that do not make enough money to pay in-come taxes. The savings would total \$3.5 billion, the largest single new reduction in the revised budg-

 Increasing Mr. Carter's pro-posed cut in welfare by another \$500 million to more than \$1 billion, and tying benefits to a work requirement — known as "work-fare" — that Mr. Reagan pro-moted while governor of Califor-

 Reducing planned construc-tion of subsidized public housing for the poor by another 50,000 units. New construction would total 175,000, down from the 260,000 urged by Mr. Carter.

 Chopping another \$300 million from educational grants to states and localities, in addition to the \$1.1-billion reduction proposed earlier. Reducing funds for food stamps by another \$500 million for

a total reduction of \$2.3 billion. About \$200 million of the new cut would affect Puerto Rico. Eliminating \$700 million from Veterans Administration programs by reducing planned VA hospital construction, closing Viet-

veteran counseling centers and trimming personnel.

• Abolishing legal assistance for poor people, saving \$312 mil-

Spending Growth

Mr. Reagan also asks Congress to cut the 1981 budget by \$6.4 billion, a move that would lower spending in the current year to \$655 billion.

Despite the sharp program cuts for fiscal 1982, which begins Oct. 1, Mr. Reagan would only slow not stop — the rise in federal spending. Under his plan, spend-ing would increase 6 percent next year, compared with 13 percent this year.

Mr. Reagan said his budget rec-

ommendations would preserve the "social safety net" of income security programs - such as basic Social Security pensions and reguiar unemployment benefits — that grew out of the Great Depression of the 1930s.

He defended his call for increased military spending, saying that "a margin of safety must be created by rebuilding the nation's deiense capabilities.

Senate Majority Leader Howard Baker, R-Tenn., said congressional passage of Mr. Reagan's budget proposals was "attainable," Sen. Baker added that the cuts would produce disruptions in state and local governments and force them to find ways to pick up costs now paid by Washington.

#### "Economic Stagnation"

Organized labor, civil rights groups and other organizations that oppose the social cuts have already mobilized coalitions to combat the Reagan proposals.

In a reference to that opposition, Mr. Reagan said that some groups "are tied to maintaining the status quo — but today's status quo is nothing more than economic stagnation coupled with high inflation.

Mr. Reagan's budget cuts, based on spending projections that he in-herited from Mr. Carter, include S8 billion in savings recommended by his Democratic predecessor.

Much of the increase Mr. Reagan is seeking for defense would go toward new weapons, including submarines, aircraft carriers and planes. Military and economic assistance would rise by more than \$400 million to such countries as El Salvador, Turkey and Egypt.
Under the Reagan administra-

tion's spending projections, the federal budget would continue to run up deficits until 1984, when a razor-thin surplus is anticipated. To achieve that goal, however, Mr. Reagan would have to find new areas for cuts of \$30 billion in 1983 and \$44 billion in 1984.

#### U.K. Reported To Discuss Arms Sale to Nigeria The Associated Press

LONDON - Britain is negotiating an arms deal worth more than £600 million (about \$1.32 billion) with Nigeria to bolster the West African country's defenses, official sources said Tuesday. They said that details were not likely to be made final until later this month, when President Shehu Shagari of Nigeria visits London.

The sources gave no other de-tails, but DMS, the intelligence organization of the arms market said that Foreign Secretary Lord Carrington offered Nigeria an "attractive arms package" when he visited Lagos last month. DMS said the deal included Jag-

uar ground attack jets, corvettes for fishery protection and offshore patrol duties and Rapier low-level anti-aircraft missiles. The deal will be a big boost for

Britain's arms industry, which lost incrative contracts with the ouster the late shah of Iran, Mohammed Reza Pahlavi, two years ago and is facing stiff compe-tition from French manufacturers. The British industry posted sales of £1.2 billion (\$2.64 billion) last

DMS asserted that, as an incentive, the British offered to set up joint ventures in Nigeria to manufacture ammunition, small arms and armored cars to help offset the

U.S.-Soviet Talks Unlikely Until Late Sun

United Press Int WASHINGTON - The State Department said Tuesday that a American summit meeting was not likely to be held before late s and would require careful preparation and consultation with U.S. Spokesman William J. Dyess said it is a reasonable assumption

U.S.-Soviet summit session would not take place before the annual ern economic summit meeting, scheduled in Ottawa July 21-22.

The Soviet Union has been pressing for an early encounter by President Reagan and President Leonid 1. Brezhnev. and repeat proposal in a letter received by the State Department Friday.

#### U.S. Ambassador's Car Is Fired On in Bei · I land Frest Internal

BEIRUT - A sniper fired at the motorcade of U.S. Ambassado Gunther Dean in the commercial district of Bearts Tuesday, Ex sources said no one was hurt in what may have been the second a nation attempt on Mr. Dean in seven months.

Police sources said it was not certain that Mr. Dean was the since the district is often the scene of suiper clashes between peacekeeping troops and Christian militiamen. Mr. Dean's firm

peacekeeping troops and Christian maintainen. Mr. Dean's fine was not hit, but an accompanying scentify vehicle was.

Last Aug. 27 Mr. Dean and his wife were attacked in their plated Cadillae, along with bodyguards in two other vehicles, a chine guns and a rocket-propelled grenade; so one was last at assailants were never caught. A previous U.S. ambassador, F Meloy, was ambushed and murdered in Beirus in 1976.

#### Tibetans Stone Chinese Embassy in New D

United Press International NEW DELHI - More than 1,000 Tibetans marched to the CI Embassy chanting "China, get out of Tibet" and some of them; and stoned the embassy Tuesday on the 22d anniversary of the

takeover of their homeland. Riot police clubbed back women who tried to break into the pound to plant a Tipetan flag Several Tibetan demonstraters and f policemen were injured in the battle.

Several young men broke into a ren and scaled the stone walk-in the compound while others lobbed rocks inside. Many of them so

#### Dayan Sees Sadat on Private Visit to Egyp The Associated Press

CAIRO — Insisting that he was on "a private visit as a private can former Israeli Foreign Minister Moske Dayan declined to tell journ what he and President Anwar Sadat talked about during their hos

meeting here Tuesday.

Asked for his opinion of the current state of the Egyptian-Israelia taiks on autonomy for the Palestinians, Mr. Dayan, who was or Israel's key negotiators in the peace talks with Egypt, would not mean, saying. "I can't speak on behalf of the Israeli government." Mr. Dayan arrived on Monday at the invitation of the magazine

#### Unesco Denies Being Opposed to a Free Pr

ber. His meeting with Mr. Sadat was the only official function of

PARIS - Unesco complained on Tuesday that it was being main ly accused of plotting against press freedom. Herve Bourges, spokes for the UN agency's director-general, Amadou Mahtar M'bow of 5 gal, said it was the victim of a well-planned unspaign of vilification.

Officials of the United Nations Educational, Scientific and Cub Organization said the complaint was prompted by an article by Chutkow, an American journalist, in the French news magazine L

At Unesco conferences, Western delegates have resisted atter within the agency to lay down international codes of conduct for a nalists and to assign special responsibilities to them, such as working peace or against racism. They argue that journalists must be free government controls and must judge news solely on its merits.

#### U.S. Officer in El Salvado Cites Non-Combat Order

(Continued from Page 1) "Organization," he replied.
"Discipline, motivation, primarily,

on the soldiers' part." According to embassy officials, the 14-man detachment assigned to helicopter operation and maintenance training is part of a contingent of 54 American servicemen who are in El Salvador or sched-

There has been speculation that the Reagan administration was considering the dispatch of more

advisers, but no official here would confirm that. The minister of defense, Col. Jose Guillermo Garcia, said however that the number of advisers requested by El Salvador was "far

fewer" than 100, although he would not be more specific. In addition to the 14 servicemen involved in helicopter training, there are 15 U.S. Army soldiers assigned to teach "combat skills" to Salvadoran soldiers. This group is divided into three "small-unit

training teams." The next largest group of American soldiers here is a detachment of 10 assigned to the office of Col. Dan Cummings, the commander of the military group in charge of assistance and liaison with local

Another detachment of five Army advisers is assigned to help the joint military staff establish a "command center," which would enable the leaders of the armed forces to exercise greater control over soldiers in the field.

#### **Patrols Ruled Out**

Four servicemen are assigned to the office of the defense attache at the U.S. Embassy, and six U.S. Navy personnel are assigned to assist the tiny Salvadoran Navy. "They will not accompany any Salvadoran patrol boats on any operational mission of any kind

whatsoever," an authoritative source familiar with the mission of the U.S. armed forces here said. According to an embassy spokesman, those 54 servicemen are the only U.S. military men in El Salvador except for a detachment of U.S. Marines that pro-

#### Cabinet Named By Thai Leader

Remars

BANGKOK — Premier Prem
Tinsulanonda completed a new Cabinet on Tuesday to replace the coalition government that was dis-solved last Wednesday, Thailand radio announced. It said that Gen. Prem had handed the list to King Bhumibol Adulyadej, whose ap-

proval is necessary.

The previous coalition government collapsed after a year in office when its largest partner, the Social Action Party, withdrew following a dispute with another partner,

the Chart That Party. The Chart Thai and another ma-jor partner in the last coalition have agreed to join the new gov-ernment, together with the United Democratic Party, a grouping of independent parties.

vides security at the embassy itse As outlined by U.S. officials, Carter administration provided million in fiscal year 1981 mg for "non-lethal" military assista to El Salvador and later a graeil \$5.2 million for combat egg

They are talking about \$25 ion more," according to a U.S. ficial. Such a loan or grant we represent the first military ass. ance provided to El Salvador the Reagan administration.

#### American Injured

SAN SALVADOR (UPI)
The first U.S. military advises be injured in El Salvador has b evacuated to Panama for th ment, a U.S. source said. The source, who asked that

not be indentified, said Mon-

that the soldier's injuries w "light" and that he would soon turn to El Salvador. Unconfirmed reports said t the adviser was injured when other adviser dropped a handi that discharged. But the source clined to comment on that vers beyond saying that the man

same day to the Panama Ca Zone for treatment. Officials reported that at k 35 persons died in political ) lence on Monday, including se victims shot in the head and for at dawn around the capital. A powerful bomb ripp through the home of Jose Tor

hurt Friday and evacuated

#### Ehrlich, wrecking part of the he and wounding two employees, o Giscard Assert Diamonds Solo

Carbonel, father-in-law of jo-member Jose Antonio Mori

For Charities The Associated Press
PARIS — President Valer
Giscard d'Estaing said Tuesda
that the diamonds he receive as gifts from Jean-Bedel Bokas sa, the deposed ruler of the for mer Central African Empire had been sold and the proceed given to charities in that nation In a television interview opening his campaign for re election in the spring, he declin ed to say how much the dis monds were worth. He would only say that they were "of me-dium value" on the scale of pre-

sents from heads of state.

The satirical weekly L-Canard Enchaine disclosed it 1979 that Mr. Bokassa, deposet in a French-led coup in Sep tember of that year, had given Mr. Giscard d'Estaing present of diamonds when the latte was imance minister. The news paper asserted the diamond-

Were worth about \$250,000. The president said that the diamonds were sold recently and the proceeds sent to President David Dacko of the Central African Republic. Most of the money, he said, went to the local Red Cross.

Delinita

#### INTERNATIONAL HERALD TRIBUNE, WEDNESDAY, MARCH 11, 1981

#### est German Doubts Threaten int Arms Ventures in Europe

3y Axel Krause tional Herald Tribune

- West German plans to or cancel future defense ave triggered a search for alternatives, possibly in-U.S. participation in a c tactical lighter for the exemment and industry

> government sources t-lipped about emerging tween Paris and Bonn ments by Defense Minis-Apel in Bonn Saturday

1 European capitals said

lation of a French-West German even though the form may battle tank and an all-weather at-change."

"If the Germans are having budgetary problems this is understandable, and at this point we do

Another French source said that President Valery Giscard d'Estaing and Chancellor Helmut Schmidt "may have to work it out in their discussions, but we do not rule out continuation of our cooperation -

#### adians Greet Reagan h Host of Grievances

/A — President Reagan ere Tuesday on his first ip abroad as president id his Canadian hosts or explanations about a ues ranging from fishing he U.S. role in El Salva-

agan and his wife, Nanwelcomed at the airport nor-General Edward R. and other officials before motorcade to Parliament et Prime Minister Pierre

ans were not pleased. Reagan withdrew a ida fisheries treaty from onsideration four days action was greeted in Ot-"profound disappoint-regret," and was sure to the agenda in conversaeen Mr. Reagan and Mr.

ideau also was expected. Reagan that Canadians ed of the U.S. decision to ary aid to the junta in El

agan's campaign propes-loosely defined North accord also has encounidation in Ottawa. Even officials conceded that osal for cooperation ntinental neighbors had rpreted as an "energy

ificials who briefed readvance of Mr. Reagan's hat the main purpose of any was for the conservadent to meet Mr. Trureral who has led Canada st 12 years except for a

tack helicopter. The projects have been under study in Bonn and Paris for more than a year.

not want to comment on the re-ports of cancellations," a French government source said.

om Agency Dispatches

it Canada since 1972, when Richard Nixon made the trip.

The White House press secretary, James S. Brady, said Monday that Mr. Reagan was simply being realistic when he withdrew the fisheries treaty from Senate con-

"It was obvious to everyone that the fisheries treaty was not going to go anywhere in Congress," Mr. Brady said.

The treaty would have allocated fish catches between the two nations and provided for joint management of the fishing grounds in the Gulf of Maine and on George's Bank, off the New England coast. It has languished before the Senate Foreign Relations Committee for the lest two years because of concethe last two years because of oppo-sition by New England congress-

#### **Demoastrations Planned**

The president was to be wined, dined and entertained, but he was also expected to be confronted with demonstrations and protests. A demonstration was planned by environmental groups to protest the alleged reneging by the United States on promises to limit fallout of acid rain on Canada.

Unless Mr. Trudeau held him back, the minister of environment, John Roberts, planned to attend the rally a few hours before he was to join official talks on the prob-

Another demonstration was expected to protest the shipment of U.S. arms to El Salvador, Mr. some time explaining his policy on that issue. Last week, Mr. Trudeau called that policy a mistake, and the secretary of state for external affairs, Mark MacGuigan, repeat-ed the Canadian preference for a rruption. Mr. Reagan is without outside military interven-J.S. chief executive to vis- tion.

#### . Space Shuttle Crew imistic on April Flight

George Alexander Angeles Times Service

ON - The two astroare to fly the U.S. space lumbia on its first flight next month have prooth themselves and their ne ready, willing and eaertake the mission.

st about ready to go," commander John W. 0, said Monday of the , now on a Cape Canav-launch stand, "and I can intee you that Bob and I

is Navy Capt. Robert L. 43, the Columbia's pilot. g a veteran of two Gemo Apollo flights, will di-wo-and-a-half-day, 36-orhat is scheduled to begin

ing at a press conference n, the two men showed a film explaining their rening programs and an-estions for more than an as the final press conferre their flight.

#### 'referred 'Abort'

scussing the various that have been planned slumbia's ascent trajectoevent of engine problems. ig said that the one that ipt. Crippen preser would n directly from Cape Cao a landing strip at the al base at Rota, Spain. fer it because "it doesn't ae use of ejection seats or swim," Mr. Young said. bort trajectory would be ly if the Columbia lost s three liquid-fuel rocket ite in its climb. Unable to no space, Mr. Young and ippen then would steer e plane toward Spain at a 1 of almost 15,000 miles

astronauts emphasized did not expect any major during the maiden flight. e technical problems that tyed the shuttle's launch t three years, Mr. Young that engineering probhe name of the game."

170 Major Tests

ational Aeronautics and iministration has identimajor test objectives for i's four test flights from the performance of plane's solid-propellant nd liquid-fuel rocket enhe opening and closing of ors — and 130 of those

Reagan was expected to spend political settlement in El Salvador

space walks are planned. Mr. Young expressed strong feelings about the value of the shuttle system to the nation's future. A fleet of four, possibly five shuttles is to be built and operated in space through the remainder of this century.

the shuttle crew for the initial 541/2-

bour shakedown cruise, and no

"There is no question in my mind that the capability to put 65,000 pounds in a low Earth orbit will absolutely revolutionize the way we do business here on earth," Mr. Young said of the space plane's cargo carrying capacities.

"It will measurably improve the defense capability of the country and it will help develop science and technology. When it [the shut-tle system] is operational, we will do in five to 10 years in space what it would take 20 to 30 years to do

West German government sources said in Bonn Tuesday that no final decision had been reached on joint development and production of the tank.

"It has not yet been canceled and no final decision will be made until later this spring," an official said, adding that costs had been the subject of intense study and that both projects "may be pushed into the future."

"We have learned from the high-costs of the Tornado fighter that we must come up with radical, new and less costly answers to our de-fense procurement," the official

Industry sources in West Germany, France and Britain agreed that less costly approaches to future defense projects in NATO may dominate planning from now on, notably with regard to development of the control of the c opment of a tactical fighter. This project has been under study at the ense ministries of the three countries for nearly a year.

The European Combat Aircraft, as the projected fighter is known, was being considered by defense and industry planners as a replacement for the McDonnell Douglas F-4F Phantom in the West German Air Force and the French-British Jaguar fighter in the French and British air forces.

Mr. Apel, who has never concealed his dismay over the ECA's estimated start-up cost of 10 billion Deutsche marks, said at a news conference that, for budget-ary reasons, his government was not prepared to pay to help launch the fighter. He added that Bonn had not yet decided whether, when and how such a fighter should be

There are several alternatives, industry sources said, including possible joint development of a new fighter by U.S. and West Ger-

man and other European groups.

For several years, Northrup has been working on fighter development with West Germany's Dorment nier aerospace group. McDonnell Douglas has had similar contacts with Messerschmitt-Boelkow-Blohm, the largest West German aerospace company.
"In light of the new cost-cutting

in Bonn, there could be a shift in favor of working with the Americans directly, or even buying a new U.S. fighter directly, off-the-shelf," a senior West German official said. "Both alternatives appear to make more sense than the ECA

He added, however, that "these decisions have not yet been made, and more studies will be required."

#### Swedish Air Force

British industry sources said that several alternatives might now be considered in Britain as well, including a smaller version of the ECA - involving one instead of twin engines — that has been un-der study by British Aerospace.

Such projects have been discussed with the Swedish Air Force. A British industry official said Tuesday that "others in Europe could become interested as well, since we do have the options and we also have felt the cost pressures of the Tornado." That plane, being built jointly by West Germany, Britain and Italy, has been the subiect of intense controversy in West Germany for its soaring costs.

French aerospace officials said that, although Bonn was canceling some orders for French-built Milan and Roland missile systems. this by no means meant the end of collaborative marketing of the systems through Euromissile a company owned by MBB and France's Acrospauale.

"There are new delays in Germany, but not an end to all coop-eration," a senior French industry official said. He added, however, that "the news out of Bonn is not exactly helping the friendly atmos-



Dr. Bruce A. Reitz (left) and Dr. Norman E. Shumway (right) transplant a heart and a lung into Mary D. Gohlke in the fourth operation of this type and the first in almost one decade.

#### New Drug Lends Hope in U.S. Heart-Lung Transplant

U.S. Now Wants to Review Entire Text

Of Draft Pact Governing Use of Oceans

partment's Law of the Sea Office

and a veteran of the negotiations. Along with Mr. Aldrich and Alan

G. James, executive secretary of the delegation, Mr. Tast and other career foreign service officers were

Added to the delegation besides

Mr. Malone, who is assistant secre-

tary of state-designate for oceans

and international environmental

and scientific affairs, were Michael

Calingert, deputy assistant secre-

tary of state for economic and

business affairs, and Charles Horner, a former aide to Sen. Dan-

Mining Interests

sembled for the renewed session

reacted with shock Monday at the

new U.S. policy. "If they want to reopen the whole text, they would

wreck the whole thing," a

The emergence of Leigh Ratiner,

who stood at Mr. Malone's elbow.

as an "expert" member of the U.S.

delegation also drew unfavorable

comments from other nations.

Mr. Ratiner was attached to the

U.S. delegation during the Ford

administration and later was employed by U.S. mining interests.

Those interests had objected to

provisions in the treaty for seabed

exploitation of minerals by an in-

ternational enterprise that would

divide profits among signatory

An Asian delegate who refused to be identified criticized the sud-

denness of the shift by Washing-

Delegates of the 150 nations as-

iel P. Moynihan, D-N.Y.

Norwegian delegate said.

removed from the delegation.

By Harry Nelson Los Angeles Times Service

STANFORD, Calif. — Surgeons at Stanford Medical School have performed a combined heart and lung transplant - the fourth such operation and the first in nearly 10 years — with the use of a drug that they believe will improve the survival

rate of the operation.

The recipient, Mary D. Gohlke, 45, of Mesa, Ariz., was doing as well as could be expected, Dr.

Bruce A. Reitz said.

Dr. Reitz and Dr. Norman E. Shumway performed the four-hour operation using the heart and lungs of an unidentified donor from the San Diego area. They said that laboratory investigations during the last several years have led them to believe that a new drug called cyclosporin A may greatly increase the chances of survival of trans-

By Don Shannon

Los Angeles Times Service
UNITED NATIONS, N.Y. —
The new chief U.S. delegate to the
Law of the Sea Conference said

that the Reagan administration

wants to reopen the entire text of

the treaty governing use of the

warned, would destroy the pact,

which had been tentatively agreed

on after seven years of negotia-

named head of the U.S. delegation

Saturday after the abrupt dismissal

of the previous chairman. George

H. Aldrich, made the statement to

reporters Monday before the open-

ing of the 10th session of the con-

treaty to an intense review," Mr.

Malone said. "We've made no

judgment for or against it but the

president and the new administra-

tion feel we need a thorough

Deep Seabed Mining

State official sold a Senate sub-

committee that most of the draft

document was satisfactory and

that only one section — dealing

with deep seabed mining - would

be reopened by Washington.

Mr. Malone, asked Monday if
the administration had changed

that position, said that mining was

an area of concern but that "we want to look at the entire text."

the Senate subcommittee was

The official who testified before

Last Thursday, a Department of

rence,
"We're going to subject the draft

The demand other delegates

plant patients. It suppresses the body's tendency to reject foreign tissue without damaging the im-mune system's ability to fight infection.

Mrs. Gohlke, the mother of two teen-age sons, is a victim of pulmonary hypertension, a condition in which the pressure in the artery carrying blood from the heart to the lungs is excessively high.

She is said to have told acquaintances recently: We would still be in the trees eating bananas if we didn't try things. We've got to try things, not just sit on our hands. If I die, I want to leave my family, my sons, the thought that at least mom tried."

The only other combined heart and lung trans-plants were done between 1968 and 1971 by Dr. Denton Cooley of Houston, Dr. E. Walton Lil-lehei of New York City and Dr. Christian Barnard of South Africa. The longest survival was 23 days.

United States would not sign an

agreement on seabed mining at

signed in Geneva this summer.

Secretary-General Kurt Waldheim,

who presided in the absence of a

successor to conference chairman

Shirley Amerasingat of Sri Lanka, who died in December. Delegates

said that they doubted whether a

resumed session, possibly Wednes-day, would be able to accomplish

any business, however, until the

United States completes its review

U.S. Court Backs

and announces its new position.

A Defendant's

Right to Silence

New York Times Service

preme Court has ruled that a crim-

inal defendant who chooses not to

testify in his own defense is enti-

tled to have the judge instruct the

Kentucky man who decided not to

asked the judge to instruct the jury

that he had a right not to testify

and that his exercise of that right

cannot be used as an inference of

the instruction and the Kentucky

Supreme Court upheld the convic

compelled self-incrimination.

The trial judge refused to give

be drawn from that choice.

WASHINGTON - The Su-

#### Romania Lags Badly In Food Production portant part not only in work in the fields but also in leadership of By David Binder

New York Times Service

WASHINGTON — Romania, traditionally the breadbasket of the Balkans, is having trouble providing enough food for its inhabitants, a situation that has provoked factory strikes and demonstrations, according to reports reach-

There was a 5-percent drop in farm production last year, published statistics show, and President Nicolae Ceausescu has made agriculture a prime concern in recent weeks.

The Reagan administration has received a dozen reports of strikes and demonstrations protesting food shortages in western and central Romania since the beginning of the year, but U.S. officials said they had seen no indications of repressive measures.

#### Farming Council

Mr. Ceausescu nas taken administrative steps to deal with what he described as serious lags in farming. He is considered by U.S. administration officials to be well aware that it was the drastic in-crease in food prices that was a primary cause of the strikes in Poland last summer — actions that eventually spread across the country and led to the independent union movement.

Last month, Mr. Ceausescu replaced Vasile Marin, the Communist Party Central Committee sec-retary responsible for agriculture with a Politburo member, Emil Bobu. He also ordered the formation of a government-level National Council of Agriculture, comparable to the existing National Council of Working People, which was established to guide industrial production.

In Brasov on Jan. 21, in a harsh speech on farm problems, Mr. Ceausescu warned: "Any violation of the quota provisions in the regional growing of plants will be viewed as a violation of the law and will be punished." He also spoke of "legal provisions on sow-ing," saying: "Anyone who dumps corn or any other crops on the ground must be tried for sabo-

tage."
A month later, in an address to agricultural management officials in Bucharest, he acknowledged that his government had been guilty of neglecting the importance of increasing agricultural produc-tion by stressing investment in industry — a chronic problem in Communist countries that was one of the causes of the trouble in Po-

this session of the conference. Work on the treaty had been expected to be completed at this ses-Speaking of "disproportions" in investment policy, Mr. Ceausescu said that this had "a negative imsion, enabling the agreement to bepact on peoples' living standards," Kuwaiti Ambassador Abdullah Yaccoub Bishara expressed regret and "damages the cause of conat the graceless dismissal of U.S. structing Socialism. But he did diplomats, particularly Mr. Atdiplomats, particularly Mr. Addrich, who have established warm priorities. Instead, he said that agriculture would be helped if adrelationships with other delegates ministrators and bureaucrats in the years the negotiations have moved out of their offices and worked in the fields. The conference opened and closed after a brief address by UN

Another aspect of the farm situation that he touched on is that 70 percent of Romania's farm workers are women. Visitors to the countryside can confirm that most of the tractor drivers and dairy laborers are women, many of them old. Most of the men have gone to the towns and cities to work in fac-

In his Feb. 19 speech in Bucha-rest, Mr. Ceausescu said: "The party and government highly assess the work carried out by millions of women in agriculture." After extending "warmest congratulations and best wishes," he added: "I hope they play an ever more im-

#### 2 Jailed for Hurling Paint on Aides at UN

The Associated Press
NEW YORK — Two members of a small Maoist political party jury that no inference of guilt can have begun serving one-year prison terms for hurling red paint on The 8-1 decision on Monday re-Soviet and U.S. delegates during a UN Security Council meeting on versed the burglary conviction of a April 30. take the stand at his trial. He Steven Yip, 29, and Glen Gan, 30, turned themselves in Monday

to a federal marshal after saving that they would ask the U.S. Supreme Court to review their felony convictions.

agriculture."

Agriculture has been largely colectivized for years, with private farms eventually becoming either state farms or cooperatives. But it is a measure of the food production problems that independent farmers, although small in number and in the amount of land they work, make an unusually large contribution to total production.

A dispatch Monday by Agerpres, the official press agency, said that in some categories private farmers produced a quarter of the total harvest even though they tilled only 10 percent of the farm-

As for President Ceausescu, specialists in Washington said that, although he might have faced some difficulties last autumn, when he vanished from public view for several weeks, he now appeared to be riding out his problems.

#### Turks Worry Over Europe. Criticism

By Marvine Howe New York Times Service

ANKARA — Turkey wants to remain part of Western Europe's democratic community and Ankara is concerned over what it sees as a campaign to expel it.

A delegation from the West German Bundestag's Foreign Af-fairs Committee visited Ankara recently with the declared aim of encouraging Turkey's military rulers to restore democracy as quickly as

The West German legislators said at a news conference that they believed continued economic and military aid to Turkey would speed up a return to democracy. The six-member delegation said it had the impression that torture was not taking place with the knowledge of the military leadership and that all complaints of torture were investi-

This followed a visit by a delega-tion from the Western European Union, which heard exhortations from all sides that Turkey wanted to be accepted as part of the West European club despite last September's military takeover.

#### Return to Democracy

Gen. Kenan Evren, the chief of the ruling military junta, who received the 32-member European Union delegation, made an impasdemocracy. "Turkey is an indivisible and inseparable part of a democratic and free Europe and wishes

to stay so," Gen. Evren declared. Even politicians whose political activities have been suspended by the junta urged the Western Europeans to give the military regime time to fulfil its pledge.

The conservative former pre-

mier, Suleyman Demirel, said after meeting with the delegation: "We have explained to them that Turkey will return to democracy but should not be pushed into a

Similarly, the acting head of the left-of-center Republican People's Party, Mustafa Ustundag, expressed his belief in "the sincere intentions" of the military rulers to restore democracy.

The generals, as well as political leaders, are worried about threats from within the Council of Europe to suspend Turkey's membership until democratic rule is restored. The Council of Europe sent a fact-finding delegation last month to study the situation and resolved at its assembly to review in May

the progress made toward the res-

toration of democracy.

The resolution said the Turkish government should provide specifinformation on the conditions and the timetable for the restoration of democratic institutions, and show its determination to respect human rights. Turkey's rulers were said to fear that expulsion from the Council of Europe might make it more difficult to obtain necessary economic credits and

#### ton, signaled a week ago by Deputy Secretary of State William P. George D. Taft, director of the de-China Conceding Need for Foreign Help

By James P. Sterba New York Times Service

PEKING — Accustomed to hid-ing its troubles and boasting of its successes, China withheld for years the news that 242,000 people died and 164,000 were seriously injured in the earthquake of July 28, 1976 which leveled the city of Tangshan and badly damaged Tianjin and Peking. Offers of disaster relief were refused.

In sharp contrast, a strong earthquake in a rural section of Sichuan province on Jan. 24 was publicized within hours, with officials giving estimates of injuries and damage, which were relatively minor. Within days, the govern-

#### West Financing **Hotel in Peking**

PEKING — Work began here Tuesday on a luxury 1,000-bed ho-tel, a joint U.S.-Chinese venture backed by a Western consortium led by the London-based Nordic Bank.

The \$72-million structure of 22 storys, designed to withstand an carthquake of magnitude eight on the Richter scale, will be known as the Great Wall Hotel, although the wall is about 40 miles (70 kilometers) away. The China International Travel

Service and the Bermuda-based E.S. Pacific Development and Construction Co. will jointly run be attempted during next the hotel for 10 years, sharing profits and losses. Then the hotel will revert without compensation nts will be undertaken by to the Chinese.

ment accepted emergency relief aid, including cash and woolen blankets, through the Red Cross societies in 14 countries.

The contrast illustrates the nation's rapid dismantling of its facade as a proud and successful, self-reliant giant. It now acknowledges not only that it is a poor Third World nation with its share of hungry people and disaster victims but also that it wants and needs foreign aid for everything from refugee relief to industrial de-

#### Foreign Aid Cut

Within the last two years, the government has sharply curtailed foreign aid projects overseas, mainly to other Third World countries, and moved to tap foreign aid funds for itself from international agencies, individual countries and even foreign businesses and corpo-

Although self-reliance continues to be a theme of government propaganda for domestic consumption, the authorities are actively soliciting foreign aid thinly disguised as "mutual assistance and cooperation" in which China's contribution is not apparent.

250,000 refugees from Vietnam. It subsequently used the UN World Food Program for emergency supplies of grain and edible oils. The United Nations plans to spend \$200 million for development and population control projects in China in the next few years.

Last month, a UN team sur-

veyed the country's flood and

drought problems and, shocked by

Starting in 1979, China accepted

UN funds to help it deal with

gent relief aid for hungry peasants and homeless flood victims in several provinces. The authorities readily conceded that they needed help to look after millions of victims of the worst floods and droughts in a quarter of a century.

#### Government's Candor The government's candor this

time contrasted sharply with its inability to acknowledge its troubles in the early 1960s, when hundreds of thousands of people reportedly died of starvation and famine because of droughts and floods that the government did not admit had

Rather than pay the interest rates for billions of dollars in loans

#### India Cites Glut In Opium Supply NEW DELHI — India, one of

the world's largest opium produc-

ers, has expressed concern at a surplus in the international market. Minister of State for Finance S.S. Sisodia told an international narcotics seminar on Monday that several countries had raised their output of poppy straw and its concentrates to enter the world market. He said that this had affected exports by traditional opium producers such as India, where stocks

were accumulating. India and Turkey have traditionally been the only legal opium suppliers. But now other countries, especially Australia, have started cultivating poppies to extract opium and morphine.

Deng Xiaoping, the deputy party chairman who runs the country suggested that he might go ahead with joint ventures in heavy industrial development that China wants to cancel if the governments involved, primarily Japan, offered cheap loans to pay for their completion and investment funds to pay for their operation.

Mr. Deng made the offer in a meeting with Japanese officials after his government had sent telegrams to Japanese corporations accouncing the cancellation of projects, including the second phase of the huge Baoshan Steelworks in suburban Shanghai.

program, primarily involving German experts training Chinese, in which subsequent cheap loans were said not to be available. However. Bonn left open the possibility that its assistance program could be paid for through outright grants and that government-to-government largess might be arranged for other development projects.

U.S. bankers in Peking say that, unlike other Third World nations that have borrowed their way into enormous debt-service difficulties, China has remained prudent so far, not accepting loans that carry high interest rates.

lending institutions in the industrialized world, the government is soliciting "soft" loans not only from the World Bank and the International Monetary Fund - the latter approved a low-interest loan of \$550 million two weeks ago - but also from foreign governments and corporations.

In January, West Germany an-nounced a technical assistance

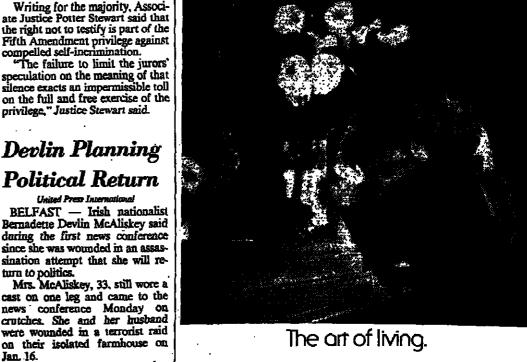
crutches. She and her husband were wounded in a terrorist raid on their isolated farmhouse on Jan. 16.

#### Devlin Planning Political Return

privilege," Justice Stewart said.

United Press Internation BELFAST — Irish nationalist Bernadette Devlin McAliskey said during the first news conference since she was wounded in an assassination attempt that she will return to politics.

She said that she was resuming her role in the campaign for politi-cal status for Irish Republican Army prisoners and would probe bly seek election to Parliament in a vacancy created by the death of Frank Maguire. Twelve years ago, at 21, she was the youngest woman ever seated in the British Parlia-



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Page 4 Wednesday, March 11, 1981

#### **East-West Arms Talks**

The United States seems ready to accommodate its European allies by consulting on how to get talks going again with the Soviet Union on limiting theater nuclear weapons. That's good. Carefully prepared East-West negotiations aimed at reducing arms stockpiles and deployment are always desirable. The willingness of the United States to participate even in preliminary planning for such talks is encouraging because it shows sensitivity to West European concerns and it could represent a sign of flexibility in the Reagan administration's approach to the Soviet Union. Secretary of State Alexander Haig appears to have gone even beyond preparedness to discuss tactical nuclear weapons in Europe. He suggested that the United States was ready to negotiate with the Soviet Union "in all fields at all levels."

The U.S. positions, outlined in a joint press conference by Secretary Haig and West German Foreign Minister Hans-Dietrich Genscher, are apparently the third stage in a rapidly developing diplomatic scenario. First President Reagan and Secretaries Haig and Weinberger talked tough. Then Soviet President Brezhnev and a bevy of Soviet diplomats conducted a propaganda blitz that was all sweetness and light, and included an offer for a summit meeting. Now the United States has accepted the Soviet invitation to dance. at least in principle. The next step is agreement on ground rules for resumption of ne-

in the case of the theater nuclear talks. that raises questions like whether the West should accept even a temporary moratorium

on development or deployment of tactical nuclear weapons, as Moscow has now suggested, while the Soviet Union has a clear advantage in this field. The Russians continue to deploy SS-20 missiles with three warheads and a range of more than 3,000 miles at a rate of about six a month. There are now more than 200 such missiles pointing West as well as hundreds of single-warhead SS-4 and SS-5 missiles and about 90 Backfire bombers. NATO has only 500 single-warhead missiles deployed and unless the 572 single-warhead Pershing-2 and Cruise missiles scheduled for deployment in 1983 are put into service, the balance will continue to deteriorate badly. Little wonder that the Kremlin likes the idea of a moratorium.

There is evidence that the Sovet Union regards the balance in Europe to be of virtually equal importance with the overall strategic balance. If that is so, Moscow is unlikely to give away any part of its advantage. Yet to cut into the Soviet lead, the West will have to get a lot more than it gives. That will be at the heart of the U.S.-European consultations. The West Germans, for example, who will have the new U.S. missiles on their territory. want the talks more than Washington and may want to settle for less than the Reagan administration. As desirable as theater nuclear negotiations are, it would be an obvious mistake to begin them until a joint U.S.-European position has been reached. And it would be a bigger mistake to settle for an agreement that codifies continuing Soviet su-

INTERNATIONAL HERALD TRIBUNE.

#### Supply-Side on the Downside

President Reagan's tax cut has now passed through the first phase of congressional examination. The administration has laid out a detailed plan, and it has gone through the first round of hearings in the House. The crucial development in this early round is that the president's supply-side theory seems to have made no converts.

A lot of people favor a tax cut, but only on the conventional grounds that inflation automatically imposes increases that have to be offset by Congress from time to time - and the time is now due. Except for the committed few theologians of the movement, it is hard to find much enthusiasm for the specific logic of the supply-side tax cut. The truly interesting thing is the cool and distant reception it has got in the financial and business world. The people in the money markets remain unsentimental and agnostic. They keep looking but — to judge from the flood of speeches, newsletters and analyses -- cannot for the life of them see Mr. Reagan's vision of booming prosperity amid steadily sinking inflation. Instead, they see larger deficits than Mr. Reagan does, resulting in unpredictable interest rates and poor economic

The supply-siders' failure to hold the initiative has substantial political importance. It means that Congress will have a free hand to take the president's plan apart and put it back together along lines that seem more promising. Since that's not a rapid process, it also means that the bill will move on a much slower schedule than the administration ex-

The supply-side theory is in serious trouble at several points. It argues that lower marginal tax rates are essential to provide incentives to work harder and save. Yet for the vast majority of taxpayers the Reagan plan offers no change at all in marginal rates. Inflation will keep pushing them up through the brackets as fast as the rates in each bracket are reduced. Congress, sensibly enough, is thinking about writing in explicit inducements for saving and investment.

There's a lot of resistance in Congress to Mr. Reagan's idea of legislating a series of tax cuts several years into the future. No doubt some congressmen fear an attempt to force them into further spending cuts, still unspecified, in the years ahead. But a lot of people in both parties, not being new to Washington, think that it will work the other way - that the present enthusiasm for budget-cutting will diminish as the next presidential election gets closer. That would leave tax rates declining without any balancing reductions in spending - resulting, once again, in big pre-election deficits.

The argument for three years of tax cuts in one bill is that it would let people know what to count on. But taxpayers know that their personal taxes in 1984 will be influenced as much by future inflation as by present legislation. That's the point at which the supplyside logic goes circular. If people don't believe that inflation will be falling rapidly by 1983, the plan won't work. And if the plan doesn't work, inflation won't be falling in

THE WASHINGTON POST.

#### **Progress Report on Energy**

Energy consumption is down in the United States, and energy production is up. Oil imports are down sharply, and coal exports are up. The Department of Energy has just published the preliminary figures for 1980, and the patterns are striking. Total energy con-sumption seems to have fallen about 4 percent from 1979 to 1980, an astonishing drop in one year. Last year, oil imports ran 20 percent below the 1979 level. That decline is continuing, incidentally. By last month, imports were almost 30 percent below those of early 1980. To keep that trend going is probably the most important contribution that the United States can make to the future stability of its economy or, for that matter, the world's\_

Seven years ago the Ford Foundation's Energy Policy Project set off an angry debate with a study comparing several different tracks that American energy requirements might take. The historical growth rate was the high track. The lowest, labeled the "zero energy growth scenario," showed consumption rising slowly to the end of the century. when it would gradually level off to a flat line. In 1974, a great many people believed that there was a fixed ratio between energy input and economic output. Zero energy growth, they argued, would condemn the

country to zero economic growth and, as population increased, to an inevitable decline in living standards.

As it has actually worked out, energy consumption has consistently stayed well below even the Ford project's lowest estimates and seems to have arrived at zero growth fully 20 years ahead of schedule. It's been accomplished, of course, by methods that are not pleasant - recurrent crises, gasoline lines, two recessions and prices far higher than anyone considers desirable or even safe. There are a couple of useful lessons to be drawn from this experience.

The first is that events won't always wait for Americans to make up their minds. When the political system came to a stalemate on the energy dilemma, events imposed their own harsh solution. The second lesson is more hopeful. Under the burden of rising oil prices, the economy has not grown as fast as most people had hoped or expected. But there has been solid growth since 1974 and living standards have improved, not deteriorated. It turns out that Americans, when confronted with necessity, were able to do far more than, seven years ago, they thought even remotely possible.

THE WASHINGTON POST.

#### In the International Edition

Seventy-Five Years Ago March 11, 1906

WASHINGTON - President Roosevelt has congratulated Maj.-Gen. Wood at Manila on account of the recent encounters with the Moros. Further advices from Manila state that 900 were killed and wounded in the four days' fighting around Mount Dajo. The families of the Moros remained in a village in the center of the crater. Women and children mingled with the warriors during the battle to such an extent that it was impossible to discriminate and all were killed in the fierce onslaught. The Navy Department is very proud of the record made by the crew of the gunboat Pampanga in the Jolo fight. They sustained a large percentage of the casualties, indicating that the bluejackets were in the thick of

#### Fifty Years Ago

March 11, 1931 FAIRFIELD. Calif. - An oriental drama of the most thrilling type has developed here in which a headless body, the murder of 14 Hindus, a communai feud and Gandhi's policy of civil disobedience in India are centered. One of the latest developments was the finding yesterday in the Sacramento River, not far from Rio Vista, of the headless body of a Hindu, which was chained to the wheel of a farm tractor, the wheel being intended to hold the body down to the bed of the river. The body was identified as that of Sant Ram Pando, who is assumed by authorities to be the 14th victim of a war of revenge among the East Indians living in northern California. Guards were placed over a Hindu camp not far



#### Kremlin's Own Domino Theory

domestic social and economic

scene. Reports turned out to be de-

tailed accumulations of failure in

Show of Contempt

Soviet pressure on Polish leaders

mands of the 10 million men be-

By Leopold Unger

BRUSSELS — Nothing extraor-dinary was expected to come from the 26th Congress of the Soviet Communist Party. Yet, it turned out to be a historic occasion in that it was the most ex-traordinary example of political and ideological stultification in the annals of Lemn's party.

For the first time since the 12th party congress in 1923, a Soviet Communist Party meeting ended with the same leaders of the Soviet state as it had when it started. The bewildering self-designation of every member of the Polithuro leads to a total of 966 years of age for its 14 men, with an average age of more than 69 and makes the ruling group of the Soviet Union the oldest that the country has ever known. In 1919, the average age of the rulers was 40, and in 1962, it

In an attempt to justify what must be a paradox of monumental dimensions, the sycophants of the Kremlin covered their past and fu-ture leader, Leonid I. Brezhnev. with a mantle of praise that seems ill-fitting and of another era.

"On every continent, his name is the symbol of liberty, of happiness, of justice and progress," is only a modest sample of this outburst of ecstasy. Yet, how else but through symbolism and the intervention of providence could even the most diligent master of agitprop explain the Soviet Union has to face a number of very serious problems that will affect the future of the country, when these problems must be faced by a young ruling team capable of employing the most modern means of managing a state and its economy, that the Soviet Union has abandoned itself --for five years, theoretically - to a panel of ailing, dessicated senior

#### No Time to Go

However, what must not be for-gotten is that even if Mr. Brezhnev, 74, or Arvid Pelche, 82, or Mikhail Suslov, 78, or Dmitri Ustinov, 76, refuse to abandon their posts, it is not simply due to an inordinate, although evident, hunger for power, but also because this is not the right time to go

away.

The time is not right for the transmission of powers, not for the lack of heirs but because the inheritance is still uncertain and the method of relinquishing it is still

The current rulers of the Kremlin are probably convinced that if any of them were to leave today, the result could well be a doming effect that would destroy the entire ruling structure. The makeup of the Politburo, the body that controls the whole of the nation, is a delicate balance of the various pressure groups in the Soviet Union today.
This delicate balance exists also

at all the subordinate levels of power. Each top leader reigns over his own clientele in each of the separate compartments of the par-ty, the state, the army and the police. If any man at the top were to disappear, his replacement would be very probably reflected in each of the compartments throughout the Soviet power structure. A likelihood that could easily become a

#### Eager Heirs

The fear of seeing this delicately balanced structure come crashing down has led to total paralysis a the top. Mr. Brezhnev's personal authority has prevented internecine warfare among the major rul-ing clans, and it has, therefore, guaranteed that the current jobholders will remain in their posts and stay within the Nomenklatura, that is, the system of privileges that acts as the strongest pillar of the Brezhnev rule.

Nevertheless, behind this selfredesignated gerontocracy, there is an eager team of heirs, but a team without a credible and attractive program to present to the nation and the world.

The congress itself was particularly lacking in optimism over the and East German parties are scheduled to hold their meetings toward the end of the month. But the most eagerly awaited meeting is that of the Polish party,

an end-of-reign atmosphere. No solutions were offered, only words because the Warsaw regime must This at a time when the Soviet model of Socialism is being criticized in Poland more than ever in history, more even than during the 1956 Hungarian rebellion and more than during the 1968 spring-time in Czechoslovakia.

This explains the virulence of

The communique published March 4, following the very curious Soviet-Polish "council of war," is a clear indication of the heavy to use the toughest measures against Solidarity, the independent union. It is also proof that the birthplace of Socialism has nothing valid to offer to meet the de-

hind Lech Walesa. Two other factors point to the failure of the Soviet regime on the international scene. One was the ouster of the Italian Communist Party delegate from the congress, forcing him to address an almost empty second-rate auditorium. This was Moscow's show of contempt for the biggest Communist Party in the West

zhnev's management of international affairs has brought East-West relations to the greatest point of tension since the Cold War. Even the word detente, the goal of Soviet diplomacy for the last decade, is no longer being used.

The other factor is that Mr. Bre-

Nostalgia for a new Yaha, that is, a new U.S.-Soviet division of the globe, which pierces through Mr. Brezhnev's proposals, has served only to reawaken the West's fear and distrust. Mr. Brezhnev, the last survivor

of the trio that succeeded Nikita Khrushchev in 1964, is more than ever master of the Kremlin, but his 1981 congress will not stand out as a great achievement of his rule.

Yet, there are other assemblies to come in the East. The final session of the Soviet meeting revealed that a season of congresses is about to open in the Communist

Going It Alone

Your Feb. 14-15 issue contained

a brief Renters dispatch datelined Brussels in which the NATO su-

preme commander, Gen. Rogers, was quoted as saying that he "does not believe that it would be in the

West's interests for the Polish

Army to resist any Soviet invasion

because the conflict would

this indeed was not only unsolicit-

ed and irresponsible "advice" but reprehensible.

neously gives the Russians a lais-

sez-passer to intervene militarily

while contradicting all of the state-

ments repeated by President

Reagan and Secretary Haig warn-

ing the Russians that they would

have to pay a heavy price for such

the hopes of the Polish people in their struggle to establish a society

responsive to their own needs and

aspirations by telling them in advance that they have to "go it

Poles were first to fight in 1939

They refused to surrender. If they are faced again with a brutal inva-

determined by their love of free-

dom and their national pride and

not by the "West's interests" as in-

Memo to Gromyko

In his letter to Secretary Haig re-leased on Feb. 11 (IHT, Feb. 13), Foreign Minister Gromyko claims that the Soviet government "came

out in clear and unambiguous

terms ... in favor of an immediate

terpreted by Gen. Rogers.
W. ZACHARIASIEWICZ.

Reprehensible because it dashes

an invasion.

Irresponsible because it simulta-

If the quotation is exact, then

-Letters-

then and there be thoroughly revised. It is in Poland that Communist power has faced its greatest challenge from the nation it ad-

ministers and it is in Poland that a party congress will have the oppor-tunity to choose the path of its fu-

the Soviet-Polish communique in Moscow and that is why the Polish Communist Party Congress will almost certainly be postponed. \$1981, International Herald Tribune.

## For Dual Sovereign In Northern Irelan

By Richard de Burnchurch

PARIS - A 16th-century English civil servant, writing gloomily about the state of Ireland, said, "It is a provert of old date, that the pride of France, the treason of England, and the war of Ireland, is always to continue, without God to set it in men's breasts to find some new remedy that never was found before." that never was found before."

Permit me to offer just such a "new remedy": the creation of a new state of Ulster, with sover-eignty vested in both the United Kingdom and the Republic of Ire-land, and ruled jointly by the Brit-ich and the Icit ish and the lrish.

Among other salient points, the sharing of sovereignty would tend to mulify any claims of a selfout by the extremists of both sides in the

In addition, such a solution would prevent Ulster loyalists from claiming to have been forsaken, and the republican extremists would not be able to say that the Irish government was not ruling in the north of Ireland.

#### Five Kingdoms

The idea of two separate states in Ireland is not unnatural: In ancient ireland, for instance, there were five kingdoms. It is important to remember that the political and cultural traditions of most of the Ulster Protestants are irreconcilably different from most Irish Roman Catholics, Thus, it would seem obvious that a practical solution in these circumstances is a jointly ruled Northern Ireland in which neither group feels itself in danger of victimization.

Another important and littlerecognized point is that this historical struggle has become a perma-nent feature of the frish character. The continuing battle gives many in both Ulster and the Republic a raison d'erre — that is, a heroic ful-fullment. Irish history and legend is full of heroic warriors and battles. This has had a profound influence on the Irish mind. Many Irish children have been raised to believe in a military ideal, in Christianity and chivalry; in some respects, a medieval upbringing. By the same token, materialism was not approved of.

This set of ideas, and ideals, is extremely difficult to understand by the casual observer from a modern industrial state, no matter how good his intentions. Today's situation, as represented by the men of violence, is a perversion of

these ideals, but they still strong attraction for those critical mind. These beliefs deep appeal to some because passionate love of country most Irishmen feel. And wi violent men of Ireland are condemned for their crane an unfortunate fact that a the urgent state of affairs be about by them, the West.

Parliament would prefer leather problem under the carp. forget about it for as long as ble, as has happened so of

#### Fear and Paisle Until those concerned with ing the problem take into as the true nature of the people are dealing with, no solonia be found. It is in the interment like Ian Paistey to his conflict alive: Without it. 55

without real significance. dices of the people of No ireland only too well and an incised only too well and mi-lates them with consummant. To some in Ireland, Paising, only to defer a solution to go ster problem, for that would gate him to the political grave. Finally, it should be safe the mass of the Irish people a distinct the British. All they we bessee and an honorally.

peace and an honorab ment. Some British politician think that they will lose fa sharing the sovereignty of A ern Ireland with the Irish & lic, thinking this perhaps and admission of defeat and in etence. This is not so.

On the contrary, it would a generosity and magnanina well as a practical sense, should have been manifested

It is to be hoped that Thatcher-Haughey talks are : ing in this direction, despite Paisiey and his 500 licensed: bearers, a pathetic ghost of Sir ward Carson and his 200,000 sworn to light those originally aponsible for the partition of

The author of this article is an do-Irishman and a Roman Co lic, many of whose family a served in the British Army and ernment. He was brought up in I land and Ireland and is entitle both British and Irish passports, wrote this esticle for the Intes-tional Herald Tribune.

#### Qadhafi's 'Four Circle' Concep

By C.L. Sulzberger

pedo Britain's liner Queen Eliza-beth 2, loaded with Jewish tourists,

after Israel had shot down a Li-

byan airliner that strayed over its

territory. The submarine com-

manders did not obey.

The French, during Georges

Pompidou's presidency, tried to win over Col. Qadhafi by selling him over a bundred Mirage fight-

ers. This produced no favorable

dividends for Paris and actually,

when Col. Qadhafi "loaned" four

of the planes to Egypt for use

against Israel, they were promptly

PARIS — Because he regards himself as a successor of Soviet weapons to foreign terrorists: the IRA (Provisionals), the Baader-Meinhof gang, the Japanese Red Army and the Arab ex-Nasser, whose national and international ambitions he much adtremist group operations guided by "Carlos," as well as associates in Turkey and Southern Yemen.
In all his four "circles," Col. mired, Col. Moamer Qadhafi, the young Libyan autocrat, claims ex-tensive global interests. He does not call his intrusions in other lands "intervention." Nevertheless, Qadhafi has shown himself very much an activist. Indeed, in 1973 his actions remind one of Talleyrand's phrase: "Nonintervention is he ordered an Egyptian submarine (Libya was then temporarily "federated" with Egypt) to torthe same as intervention."

Col. Oadhafi once said: "I accept Nasser's concept of three connected circles: Pan-Arabism, Pan-Africanism. Pan-Islamism. But we are also a part of the world as such. Therefore, our concern must be with all four circles, not just

This is Col. Qadhafi's special imaginary shorthand explaining the efforts of weak, underpopulated Libya to extend influence as far afield as the southern Philippines or as North Ireland, which "we consider an integral part of Ireland [the Republic]. The Irish nation is different from the English nation."

Operating under this "fourth circle" concept, Col. Qadhafi in 1976 concluded an enormous arms deal with Moscow. This eventually gave Libya a vast tank force and made it a conduit for delivering

release of the detainees [in Iran]."

To refresh Mr. Gromyko's mem-

ory, the first Soviet commentary

on the subject was not issued until

Dec. 5, 1979, one month after the

the hostages immediately.
On April 25, 1980, Tass declared

that "the hostages are only a pre-

text for pursuing an aggressive, he-

gemonistic American policy." It spoke of a "bandit attack that grossly violates all the norms of in-

ternational law," but in reference

to the rescue attempt, not the seizure of the diplomats. What is

indeed new in Mr. Gromyko's let-

ter is that he is suggesting that the

Soviet government is not responsi-

ble for what is said in the Soviet

shot down by the Israelis, using four Mirages from their own air Since that epoch, relations be-tween France and Libya have soured over the issue of Nasser's first and second "circles," Pan-Ar-

abism and Pan-Africanism. France had stood godfather to its former Chad colony, now the Central Af-nican Republic, which is ethnically partitioned among Arabized northerners and non-Arabized (Christian or animist) southerners. African Gap

seizure of the embassy, when Prav-The same religious-racial gap tends to spread across all middle Africa south of the Sahara from da wrote of "a gross violation of international legal norms," in reference, however, not to the seizure the Sudanese Republic through Chad to Nigeria, whose third largof the embassy but to U.S. military and naval maneuvers in the Gulf. est city, Kano, is a great Moslem center. In none of this area is there Pravda's editorial did not even mention the unanimous decision of the UN Security Council of true tranquility in this ethnograph-Dec. 4, calling on Iran to release

> The International Herald Tribune welcomes letters from readers. Short letters have a better chance of being published. All letters are subject to condensation for space reasons. Anonymous letters will not be considered for publication. Writers may reques that their letters be signed only with initials but preference will be given to those fully signed and bearing the writer's complete address. The Herald Tribune cannot acknowledge letters sent to the editor.

ic borderland across which Isla the fastest growing religion in Al ca (followed by Roman Case cism and Seventh Day Advente

is continually thrusting.

Col. Qadhati's occupation Chad is part of the process. He'l guaranteed to keep his troops the until what he terms "security" plies. The two committees have a mally "merged," despite France post-Mirage-deal opposition. By airlifted troops into and out Chad and halted sale of misboats to Libya. The only Europe power to benefit from Qadhafi's thrust into Central A! ca is Russia, which sent Libya's more weapons pins Soviet and a ellite military technicians.

The black nations of Africa. most worried by Col. Qadha drive across the ethnic frontier. pecially Egypt (with its Nubiar the Sudan and Nigeria. The Nig ians, whose oil exports are excially important to the Unit: States (as are Libya's gas exporhave significantly increased the military budget.

#### Hints of Turmoil

Already there are limts of the ous turmoil in Africa's largest tion after extensive attacks Islamic cults around Kano resul in hundreds of deaths. Nigerian ficials have publicly accused Lil of being "involved" in these dist bances.

How far Col. Qadhafi is ret to push this phase of his first a second "circle" aspirations for panding power is unknown. armed forces are small but t stered by a newly recruited "Isia ic Legion" of foreigners. He is t... tainly encouraging restiven among the black, livestock-rais non-Moslem southern trib afraid of Arabism, and has secu for himself a strategically imparant position in the continer

What all this portends, hower is difficult to assess. He is quar-ing also with Arab countries, cluding neighboring Algeria, w which he vies for influence in Polisario rebellion against Mor co. Col. Qadhafi is detested Egypt's present regime. And his sion of a confederation of Islan Arab states may simply bog do: or dissolve among inherent Ar hilling and African racial, religious a tribal differences of ancient star

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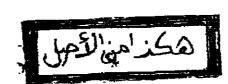
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## ina Again Tightens ictions on Art. terary Expression

Michael Parks Angeles Tones Service

3 — Restrictions are tened again on the freetistic, literary and intelopression here, raising the recent creative resurbe at an end. oversial new film, depict-

rsecution of a Chinese during the Cultural was abruptly withla officials pressed the er, a leading poet, to mocompromising ending

of several literary jourting, Shanghai and proitals have been told, the d, to publish "less nega-ial" about the Cultural u and the anti-rightist of the late 1950s and to nscripts that uphold Soe party's leadership ... porally uplifting."

study sessions, genertarily for the last two been made compulsory Peking University and eges for both students rs, according to campus

eademic Affairs

fficials are again interively in academic affairs universities, the sources essors publishing papers ne journals have been eget party clearance, and graduate students must : J approval before they

music, particularly that le of Hong Kong and igers, has been sternly as "vulgar" in the party People's Daily, and a central broadcasting in d it has been banned ir by party edict and remore "patriotic music

ie People's Daily has ized in the new campublishing the moving, blea of Zhao Dan, Chig actor, who called just died for greater artistic

pular Peking Evening bloid paper that is Chist, has been attacked by ials for "catering to vuland imitating the Hong s." sources said.

aders were described as

vhen the Peking Evening an interview recently ell-known anti-Commucomplained about malby the party during the

-re also angered by the t recent local elections rsity campuses where idates ran as avowed nunists and repeatedly 1: not just current policies ntry's Socialist system. ould not nurture ele-

i will only topple us in said Hu Qiaomu, a i the party's central sece president of the Acadcial Science and probast liberal member of the ship. Speaking at a party Mr. Hu reportedly "It is stupid to have p and not to exercise

kdown was ordered in a ommittee document islast month, according to nong the Chinese intelliho attributed it to Wang the party's propaganda Zhou Yang, his deputy.

"Pure Stalinism," an editor at one literary journal said in disgust. "All their arguments and criticism boil down to a despotic view of literature and the arts."

Such reaction is not universal among intellectuals, however, and some admit the validity of the basic party criticism Given not just Socialism as our

political system but also our cultural and social traditions as a nation, there are some things that just will never be tolerated," one of the party's most liberal theoreticians said. "At the same time, people should keep some perspective and realize they have not had the freedom of expression they do now for the last 30 years." "Intellectuals and creative art-

ists make mistakes, too, and they should not be immune from criticism," he said, "and people should be patient as we feel our way."

The most controversial move was the withdrawal of the film

The Sun and the Man" written by Bai Hua, a poet and writer in the People's Liberation Army. Origi-nally titled "Unrequited Love," it tells the story of a Chinese intellectual who returns from abroad out of love for the country, but who is persecuted as bourgeois and possi-bly a spy during the Cultural Rev-olution. "You love the motherland, but she does not love you," his daughter tells him. He was so harshly treated that

he escapes from detention by the Red Guards and hides in the wilderness, living a primitive exis-tence on raw fish and the grain stored by field mice. The film at times seems modeled on the old Maoist play and opera "White-Haired Girl," whose heroine was fled her village to escape the injus-tice of the landlords and old Nationalist Chinese government — but the hero of "The Sun and the Man," of course, is being persecut-ed by the Communist Party.

Party Corruption

The original ending, now reportedly being revised, was particularly bleak. The radicals are ousted from the Chinese leadership, and the intellectual's wife and friends come up the mountain, searching for him. When he hears his name called however, he believes the Red Guards are pursuing him and runs until he collapses and dies, his final footsteps forming a question-

Another controversial film so far has survived the criticism. "The Legend of Heavenly Cloud Mounruption of party cadres as they climb the political ladder — contrasted with the integrity of an engineer who refuses to reshape his thinking to conform to each new ideological campaign.

Like "The Sun and the Man," this film has been criticized as "anti-party" and "smearing Social-ism," but its ending is deliberately more upbeat, and so far "The Legend of Heavenly Cloud Mountain is still being shown.

Those intellectuals who do take a longer look at the current artistic scene compare the present with the creative flourishing in the middle 1950s, when there was a policy of flet a hundred flowers bloom, a hundred schools of thought con-tend," and with a second resurgence in the early 1960s.

But they recall how both periods were ended when party leaders felt they were losing control, that writers and artists were going too far, and some now worry that the latest crackdown may end this resur-

#### d Rhyl Is Dead at 74; t U.K. Cabinet in 1958

\_\_ Lord Rhyl, 74, igel Birch joined Peter of and Enoch Powell in 1958 from Harold 's Conservative adminprotest increased govsending, died Sunday at n Hampshire, his family

BITUARIES

hyl was a Conservative of Parliament for 25 was economic secretary asury when he quit. The

Nisei Unit 942 Saluted *Exhibition* 

ANCISCO - An exhibthe U.S. Army's Japarican "go for broke" imental Combat Team d in the Presidio.

emonies took place this n the building where in 1942, orders were issued up all the Japanese and Americans on the West place them in internus for the duration of £ II.

d included 18,000 volunthe camps and Hawaii combat mainly in Italy e. Members of the unit 43 individual citations awarded 9,4000 Purple

Turank.

libit includes a large colaction photographs and lia of the unit.

move effectively ended his government career, but he stayed on in the House of Commons until he was made a life peer in 1970.

**Telesforo Monzon** BILBAO, Spain (AP) — Teles-foro Monzon, 76, leader of the Basque political party Herri Ba-tasuna (People's Union), died Monday in a clinic in Bayonne, France, sources in his party said.

Mr. Monzon, a lawyer, returned to Spain from exile in France in 1977, along with 10 members of the Basque separatist organization ETA. He won's seat in the parliament in the 1979 general elections.

Mana-Zucca

MIAMI BEACH (UPI) -Mana-Zucca, a pianist and com-poser whose artistry dates to the last century, when she performed Beethoven's First Piano Concerto with Walter Damrosch and the New York Philharmonic at the age of 8, died Sunday.

Born Gizelle Zucca-Mana, she was believed to be 97 years old. Her son, Marwin Cassel, said she had long ago destroyed all docu-ments relating to her age.

Mana-Zucca wrote more than .000 compositions. From the 1920s to the mid 1950s, her Miami mansion was a meeting spot for artists such as Mischa Elman, Josef Hofmann, Jose Iturbi, Fritz Kreisler and Alma Gluck.

Marjorie Hope Nicolson NEW YORK (NYT) - Dr. Marjorie Hope Nicolson, 87, dean of Smith College from 1929 to 1941 and a professor of English at Columbia University from 1941 to 1962, died Monday.



#### Films

#### 'Ordinary People' Lacks Any Distinctive Touch

By Thomas Quinn Curtiss
International Harald Tribune DARIS — "Ordinary People,

which is being heavily pushed for the 1981 Oscar as the best U.S. film of the year, marks the temporary switch from actor to director on the part of Robert Redford, a move that has shaken Hollywood like an earthquake. Redford shows professional

competence in his new capacity, but little more. He has guided the script and the players without mishap, but the mise-en-scene might be that of any of a dozen of his directorial colleagues. It is effi-cient, properly paced and recounts its narrative with clarity and effect. but it bears no distinctive personal

The scenario, derived from a novel by Judith Guest, tells of the rehabilitation of an adolescent boy in the grasp of despondency after the accidental death of his older brother. Set in an average, middle-class U.S. home, it would expose the troubled terrain often concealed behind the facades of ordinary people." The parents, unable to cope with

their child's moody detachment (he has made a suicide attempt), place him in the care of a burly psychoanalyst who discovers lamn clever these psychiatrists that he is obsessed by a sense of guilt, holding himself responsible for his brother's death. His father, from whom he seems to have in herited his incipient melancholia, grows to understand him. Both are given to crying jags, sometimes solo and sometimes ensemble. The mother, despite a surface show of affection, finds the boy is being unnecessarily coddled and spoiled There is something to be said for her viewpoint, but it is coldshouldered. She is drawn as a menace and father and son unite to rid themselves of her. This antimother motif is the one unique trait of the movie, which appears intent on celebrating Father's Day.

What we have in this Oscar-contender (at the Gaumont Champs-Elysees, the Hautefemile and the Gaumont Les Halles in English) is a soap opera of television cut removed to the larger screen and masquerading as a deeper-than-deep psychological study. It is acted honestly and earnestly by Donald Sutherland as the weeping papa, Mary Tyler Moore as the glib, practical mama of hard heart, Timothy Hutton as the hypersens tive lad, and Judd Hirsch as the alienist who might be mistaken for a track driver.

In support are two pleasing young actresses: Elizabeth McGovern as the school companion whose glowing health and cheer-fulness lift the boy from his gloom, and Dinah Manoff as a neurotic girlfriend, who, like the boy, is death-possessed. There is little fertility in the delineation of the others; the school bully, the sympathetic classmate, the relatives given to golf. These last are not ordinary people, but ordinary stock types.

Bette Midler, the star of "The Rose," requires no introduction, and if she does it is amply supplied in "Divine Madness," a screen transcription of three concerts she gave at the Pasadena Civic Auditonum. Nothing quite like her has been seen or heard since Eva Tanguay let loose to make loud the

nights in vandeville theaters.

The spectacle (at the Gaumon Ambassade, the Hautefeuille and the Français in English) is amus-ingly prefaced by a Pasadena cider muttering an address on the necessity of good taste just before a ti-dal wave of bad taste engulfs the premises. The Midler carryings-on know no restraint. She belts out all her songs with overwhelming volume and in between chatters of her European tour and her opinions of the English, French and Germans and, employing free speech be-yond the usual limits, cracks jokes that would cause Rabelais to call for the smelling salts.

Certain references will puzzle the uninitiated. She makes frequent mention of Sophie, apparently an outspoken vulgarian. Can this be the late, beloved Sophie Tucker, the last of the red hot mamas until La Midler came

Stolen Bronzes Recovered The Associated Press

ROME - Italian police announced Tuesday the recovery of priceless archaeological objects stolen from Paestum and Pomperi in 1978 and smuggled to West Germany. They said an Italian, Giuseppe Valentino, 45, was arrested in Cologne and extradited to Italy. The stolen objects included a small bronze head, a bronze duck and a small bronze Erruscan statue dating to the 5th century B.C., as well as numerous fragments from statues.

along? But Sophie Tucker, according to legend, always kept it "clean" — or didn't she? A footnote on this would be welcome. Midler is the quintessence of ir-

repressibility, exhilarating as a per-sonality and as a performer of inexhaustible energy. There is a want of refinement to her talk - her audiences relish that - but no flaw in the tempo or expansive nature of her one-woman show. She is all-

"The Stumbnan" restores Peter O'Toole to the screen with his impersonation of an eccentric, sinister movie director. When an escaped criminal in need of disguise happens on his location set, he engages the fugitive as a jumping-jack for an epic about World War I aviators. The fugitive, forced to risk his neck again and again, begins to wish he was back safely behind the bars. Richard Rush, in directing, con-

veys the sardonic situation tonguecheek with the accent on the action sequences and their excitement and humor. The stuntman's greatest feat is to stay alive despite the incredible demands of the me-galomaniacal moviemaker. (At the Marignan-Concorde, the Imperial Pathe and the Saint-Germain Huchette in English.)

By Simon Lloyd

L jockey, Dick Francis broke

almost every bone in his body rid-

ing and he enjoyed every minute of his perilous career. Now he

hunches over a typewriter - a job

he finds much tougher — concocting tightly written racing thrillers

that have brought him an interna-

tional readership and a following

in such unlikely languages as

the turn, meticulously researching every plot as he positions bodies or

sets up an air transport business to

get details just right for a tale of

rogues in the horse-ferrying trade.

Thriller number 20 is now on

the production line but Francis,

whose books have an authentic

ring about them for turf enthusi-

asts, confesses: "It never gets any easier. Is it going to be better than

Critical acclaim came from

across the Atlantic with the Edgar Allan Poe award for "Forfeit,"

while last year "Whip Hand" won

him a gold dagger from the British Crime Writers' Association. One

of his novels was made into a film

while others were adapted for a

Racing dealt him a cruel blow

that indirectly brought him into the writing business. In 1956, the

Liverpool grandstands rose in a

deafening crescendo of cheering as

television series.

my last - that's my main aim."

He is the Frederick Forsyth of

Romanian and Turkish.

ional Herald Tribune

ONDON — As a steeplechase

Dick Francis: On Track of Thrillers der dislocating and the reader al-Oueen Elizabeth the most winces with pain when the Mother's Devon Loch headed for heroine in "Knock Down" rights the winning post in the Grand National after conquering 30 fences. the hero's dislocated shoulder in That blast of sound s tle the horse which bellyflopped,

jettisoning Francis. -Changing Careers

Now he reckons that "Devon Loch was not a blessing in dis-guise, but it did put me on the road to another way of life." He wrote his autobiography, took up a career as a racing corre-

spondent for a Sunday newspaper and then, at his wife's suggestion, turned his hand to novel writing. "Mary is the great research gatherer. She went in for photogra-

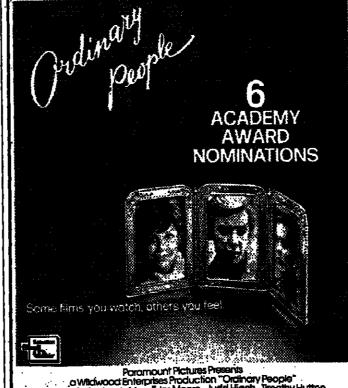
phy for my latest book, Reflect, and her air business produced the background for 'Flying Finish.' I love the research, as it gets us traveling round the world." The novels are not renowned for characterization. The plot is the thing, with the action racing along

in staccato sentences that waste little on description. The dollops of sex and violence have tended to increase lately because "up to 1967 my boys were at school and I would have hated them or their friends to read books at school which were both violent and sexy." Many of his characters have a

cross to bear - an invalid wife or an alcoholic brother. "I find that sort of detail helps the story along." Autobiographical details are obvious at times. Dick Francis wears a strap to prevent his shoul-

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a Wildwood Enterprises Production "Ordinary People"
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#### James Blood Ulmer: A Jagged Step Forward in Jazz

By Michael Zwerin tional Herald Tribute

DARIS - James Blood Ulmer has recently taken to calling himself James Blood. To those who say that sounds somewhat ferocious, reminding them of Dracula and death, he replies softly: That's funny. Blood reminds me

Ulmer's band recently opened for Public Image Limited to a packed house at New York's im-portant rock theater, The Palladium. PIL is led by Johnny Rotten, of Sex Pistols fame. Both he and Ulmer are often referred to as

"legendary."
Although very different from each other, Rotten and Ulmer are also different from just about anybody else, and so they have that in common, PIL plays a unique blend of funk, punk and reggae while Ulmer combines free improvisa-tion and harsh, jagged dance rhythms in a style that has been called the most important step in jazz since Ornette Coleman. Ulmer worked and studied with

Coleman. His music is based on Coleman's "harmolodic" theory which involves multi-unisons: sort of random, polytonal fugues. Anything goes as long as the improviser keeps moving. According to Ulmer, "The only mistake you can make is not getting out of the may fast enough?" way fast enough.

Robert Palmer wrote about him in Rolling Stone: "His playing more than justifies his growing reputation as the most original guitarist since Jimi Hendrix." However Ulmer cringes with the mention of that name: "Hey, I'm older than Hendrix [he is 39]. The only thing we have in common is the guitar When you play an instrument you have to pass through a given sound. Hendrix was basically a blues player. He used fuzz and wah-wah and played with his teeth and I don't do any of that. I play

A 'Lost' Corot Is Found

NEW YORK — A portrait of a young woman by the French artist Carnille Corot, which was presumed lost, has been discovered in the home of an American collector who had no idea of its value, Sotheby Parke Bernet said today. It will be auctioned May 28.

**Crime Novels** 

Ulmer: Anything goes: But the comparison is unavoida-

ble. There is the same intensity, at least, and the attempt to crash through barriers. Both in any case came out of black rhythm and

Ulmer was born in St. Mathews, S.C., where he grew to like red-necks. He explodes a contagious laugh. "They have to settle their own score with the Lord, but at least they're truthful. They let you know what they like and don't like. Rednecks are alright."

His father gave him his first guitar when he was 4. He remembers seeing his father carrying his own guitar to rehearsals, but that stopped and now he's preaching in a Baptist church. He was brought up with church music, and reducck (hillbilly) music. By the age of 17 he was in Pitts-

burgh playing with rock groups, occasionally on the Dick Clark show. He recorded with organ trios for King Records in the '60s, worked for a while with Joe Henderson's bebop-oriented band (with Stanley Clarke on acoustic bass) and in 1971 joined the avantgarde quintet of the former Coltrane drummer Rashied Ali. Then he met Coleman and began his battle to overcome the guitar. He doubles over with that laugh

pain. "Music makes me laugh. I don't listen to other music. Most people who play instruments refuse to deal with the music that is not on their instrument. The instrument was created with a certain amount of music already

One of his most ardent fans is

dimentary copy of each

the Queen Mother, who is always

thriller. She has confessed that she

thought some of the latest ones

ine newspaper business gave him a sharp awareness of dead-

lines. His grateful publisher gets a

new thriller on his desk every

story, I'm fed up with it. But when

I'm two-thirds of the way through

I feel there's so much to get in

When I hand the book in, I feel

that's going to be the last, but

three or four months later you

want to start again. One has got to

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"When I'm in the middle of a

were a bit bloodthirsty.

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knowledge than the manufacturer. The harmolodic theory forces you to transpose the instrument according to your creative needs." Ulmer has just signed a contract with CBS Records, joining their limited, elite jazz roster that includes Dexter Gordon and Miles

Davis. Although he regularly packs New York New Wave rock clubs like CBGB and Hurrah, and his rock textures and funk lines are undeniable, he seems puzzled when asked if you could call his music fusion. "I don't really know what fusion is. Fusion is like some rock music that was jazzed up. Or maybe it's rocky jazz Here comes that laugh again. "My music seems to make people

move but I ain't seen nobody jump up into any known dance yet. Anyway, I don't see anything wrong with people dancing to jazz. Jazz began as dance music. I remember my father dancing to Charlie Par-ker records. I like music that makes people react physically. Sometimes the reaction can be too strong. When I was with Omette we had rocks thrown at us in Italy. No telling what people will do when you play music that messes with their heads." He sings a couple of numbers

"Are You Glad to Be in America" and "Jazz Is the Teacher, Funk Is

"When you see me step up to the mike and start singing," he

wheezes another laugh, "well, it's just me jumping back into the bri-ar patch. I've been to lots of Bo Diddley concerts. Some old joker back there must have planted something in my head without my

James Blood Ulmer Trio, Chapelle des Lombards, 19 Rue de Lappe, Paris 11, through March 21 (except Sunday and Monday).

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#### NYSE Nationwide Trading Closing Prices Mar. 10 Tables include the nationwide prices up to the closing on Wall Street.

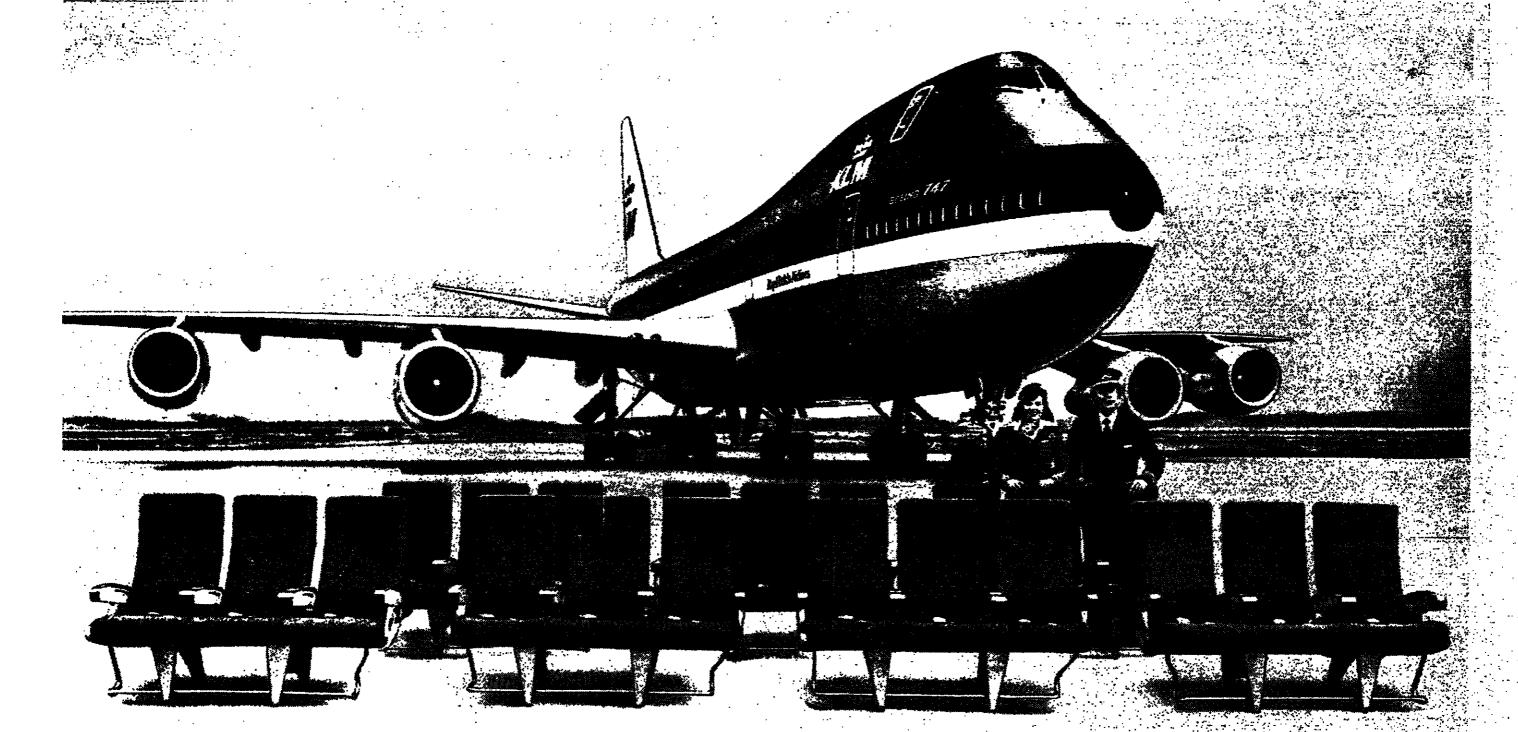
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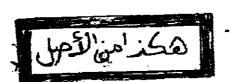
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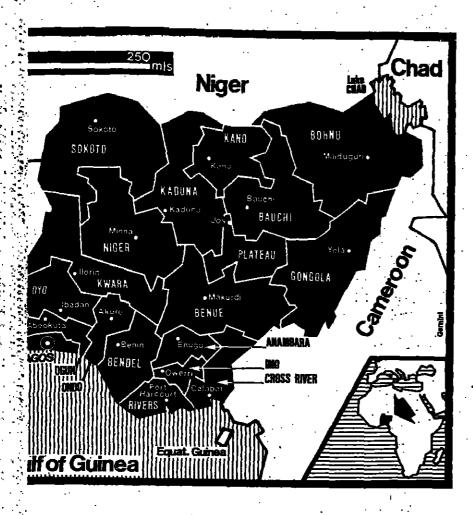
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#### INTERNATIONAL Herald Tribune

PARIS, MARCH, 1981

A SPECIAL SUPPLEMENT

## Banking and Finance in NIGERIA

#### 1 Budget Retains Priority or Agriculture, Industries

- Nigeria's 1981 budget is of parlar interest to investors because it is full-year budget of the civilian adminand covers the first year of a new

development plan.

11, President Shehu Shagari's govern-visages capital expenditure of 8.982 naira, and recurrent expenditure of pillion. In addition, the 19 state gov-N11 billion. For the whole of 1981-85 iod, investment expenditure is put at 12 billion, of which N70.5 billion will om the federal government and its and NI1.5 billion from the private ilthough the Manufacturers Associaady appears to feel this to be a gross imate of its investment capability). he plan the 19 states and the federal ent are expected to generate a surplus billion, on recurrent account over the

ies in the 1981 budget, as in the lan, are agriculture and industries, and ms are being loosened to encourage

Prospects for economic growth in 1981 od. Although the nine-month 1980 invisaged a deficit of some N1.2 bilications are that the final figures will a deficit to be greatly reduced, partly of the delayed takeoff of the budget. ay was caused by the time it took to igh the National Assembly; the budgnly for the nine months April-Decem-, to bring the budget year in line with dar year from 1981).

a's external reserves stood at N5.5 bil-October of 1980, compared with N3 1 October of 1979, but the import bill mning at some N1 billion per month, d to N600 million in October of 1979. f the implications, the government has clear that reserves will not be allowed relow N5 billion — equivalent to some nths' of imports. There will be little n the import policy, which prohibits of certain "nonessential" items, but mment will encourage imports of capintermediate goods essential to expand ve capacity.

a also showed a budget surplus on account of N1.53 billion, compared leficit of N1.4 billion at the end of er, 1979, the end of military rule. But ident is fully aware of the need for in committing Nigeria to further ex-e. He plans "functional" projects as to the gigantic prestige projects that ad up so much of the booming oil revethe 1970s (although the civilians are ed to completing several such projects, new federal capital and iron and steel

mains Nigeria's main money-carner -

senses her salvation. Estimated feder-ected revenue for 1981 is N14.745 bilwhich oil should account for some illion, a drop of about 12 percent on budget, when oil's contribution to tome was about 79 percent. Remaining will come from Customs and Excise billion), company taxes and from misus sources, principally interest on and int of loans. It should be noted that nonoil earnings are falling, the conof the nonoil sector to taxation is ris-

me for the last mine months of 1980, d in that budget at N11.86 billion, in at a much higher rate because early on was lifted than expected. But the gov-It is now holding back production. Of 14.745 billion estimated revenue, billion will go to the federation acor disbursement between the federal nent and the states, according to a cer-mula. The 1981 budget estimates were d on the basis of the government's rev-pectations calculated on the revenue formula proposed in a bill then before ional Assembly. The bill has now been and signed into law.

ia's longer position is healthy, but the nent will still have to borrow abroad to ance its programs.

ederal government's proposed N8.982 capital program for 1981 is to be fiby a budget surplus of N5.1 billion, loans of N1.1 billion and external or specific projects, including iron and ents, pulp and paper projects, irrigation in roads. This leaves a deficit in the program of some N1.2 billion, which be taken care of by increased oil reveome N82 million will also be borrowed : to finance state rural development

of the clauses in the 1981 budget, ourxing debated by the National Assemre to have been included in the 1980 but were held over until this year. overnment plans to continue its import ation policy and is reducing duty on d raw materials for the manufacture of

establishment of industries in the hinterlands. For example, duty payable on imported parts rises from 20 percent to 25 percent in the Lagos area and drops from 15 percent to 8 per-cent for the Enugu area. It remains at 5 per-

Exporters will get a refund of duty paid on raw material imports. Reduction of excise duty will be graduated on the basis of local value added. There will be changes to rates of duty on a wide range of products — especially on vehicle brake pads and linings, to discourage the importation of defective parts. Imports of concentrated malt extract, plastic pipes and built-up trucks will be subject to specific import licenses. Rice and flour, while remaining on license, will be imported only through recognized government agencies

There are no changes in the items automati-cally exempt from the pre-shipment inspection (the introduction of this plan in early 1979 se-verely depressed imports). Now that the centhe "Form M" necessary to importers and ers, which was promised in the 1980 budget, it is expected that the central bank will stop exempting orders worth less than N20,000. There are no changes in existing regilations on the remittance of foreign excl in respect to payments for imports.

The government proposes no substantial changes to credit guidelines and lending rates, but banks whose monthly loans and ad to agriculture and housebuilding fall short of the minimum prescribed rate will have to deposit the shortfall with the central bank with no interest for on-lending to these sectors. Banks will again be allowed to increase lending by 30 percent on the previous year's total, with 70 percent going to indigenous compa-

Money supply will be increased by only N1.64 billion for 1981 in an attempt to reduce the inflation rate, calculated by the government at 10 percent but generally agreed to be much higher (27 percent has been suggested in

some quarters).

Nigeria's pricing policy remains tight. Manufacturers who were allowed to increase their prices by over 5 percent in 1980 are restricted to a rise of under 5 percent this year, and then only with specific government approval. Im-porters of heavy industrial machinery will be allowed a markup of up to 25 percent on CIF price, but can add other approved costs as in 1980. Importers and dealers in motor spare parts will be allowed a maximum increase of 1 (Continued on Page 8S)



#### A Decade of Growth for National Banking

By G. O. Nwankwo

AGOS — No observer of the Nigerian scene can remain unimpressed by the changes in Nigerian banking and finance since the end of the 1970 civil war. At that time, the Central Bank — citadel of the financial system — had only six branches. Today it has eleven branches and five currency centers and plans to open two more centers in the next two months, the objective a branch in each of the

19 states of the Federation. In 1970 Nigeria had only 14 commercial banks, with 273 offices. Today the numbers are 20 commercial banks with more than 800 offices. Only one foreign bank had a represent-

The spectacular growth of the Central Bank of Nigeria has belied the assumption that such an institution would be an 'expensive luxury'.

ative office in Nigeria in 1970; today seven do. And merchant banks have multiplied from one

Developments in the capital market are equally spectacular. In 1970, about 25 insurance companies operated in the country; today there are 67, including the federal government-owned Nigerian Reinsurance Corporation es-tablished in Lagos in 1977 by 42 African coun-

Only one development bank existed in 1970; today there are four in the country. Other developments include the transformation of the Lagos Stock Exchange, established in 1960, to the Nigerian Stock Exchange, with branches in Lagos, Port Harcourt and Kadu-na, and the establishment in 1977 of the Niger-ian Securities and Exchange Commission, an offshoot of the former Capital Issues Commission, set up in 1973.

Growth in Assets

Side by side with numerical growth is the growth in the system's assets and liabilities. The Central Bank of Nigeria, for example, had a total assets-liabilities of 6.6 billion Naira at the end of 1979; the 1970 figure had been N452.3 million. In 1980, total assets-liabilities of the commercial banks amounted to N15.2 billion against N1.2 billion in 1970. For merchant banks, the 1970 liabilities-assets of well below N1 million had grown to N945.1 million in November 1980.

In 1970, the total premium of the insurance companies was only N16 million; at the end of the decade this had increased to about N300 million. On the stock exchange, the number of transactions increased from 634 in 1970 to 7,138 at the end of 1980, with value increasing from 16.6 million in 1970 to 389 million in

While this internal growth was taking place. structural changes also were occurring. If in 1970 there were expatriate and indigenous banks, the profile now is one of indigenous and mixed banks, i.e.: banks with indigenous and foreign ownership. Similarly, while the federal government confined itself to development and central banking until 1970, today it owns majority shares in all but about two mixed banks and the Nigerian National Reinsurance Corp. In the process, some banks have changed their names. The former Standard Bank of Nigeria, Ltd., and Barclays Bank of Nigeria, Ltd., are now First Bank of Nigeria, Ltd., and Union Bank of Nigeria, Ltd., respec-

The Central Bank has been in the forefront of this growth and development. Established in 1959 and equipped with the arsenal of control techniques available to central banks the world over, the CBN belied the assumption that a central bank in a developing economy such as Nigeria's would be an "expensive luxu-

Instead of emphasizing the traditional func-

tions (which would have been ineffective in an undeveloped financial environment), the CBN emphased its development functions. These inchide an effective machinery for monetary management and for the development and reg-ulation of the financial system; localization of the credit base to take account of the monetary and economic conditions of Nigeria rather

(Continued on Page 98)

#### **Growing Economic Giant** Sets Sights on the Future

By Karan Thapar

 black Africa. And with the inauguration of civilian rule 18 months ago, this colossus has begun establishing itself as the foremost industrial power on the continent.

In this regard, the statistics speak for themselves. The country, the world's fifth largest oil producer, has an annual income in excess of \$20 billion, a growth rate of gross domestic product of more than 8 percent, a domestic market of more than 80 million people and an unambiguous and uninhibited capitalist phi-losophy of development

The result is that its new five-year plan envisages a scale of development growth that is not only phenomenal in African terms, but also particularly inviting to those foreign investors willing to risk the infrastructural, social and environmental hazards of living in La-

Nigeria's new democratic masters are deter-mined that real development should now take place. In the past, under the generals, Nigeria gifted itself with a spectacular array of modern irports, national theaters and stadiums, and independence squares, as well as a network of superhighways with "flyovers" or "cloverleaf" exchange points reminiscent of the best in Los

No doubt in many cases these have been vital in improving the country's communications and general services, but their sheer scale was wasteful.

What was needed, but ignored, was the development of agriculture, steady industrial in-vestment, the provision of transport, improved educational facilities for the poor, ample hous-ing and better and more reliable power generation. The prestige projects of the military generals had given Lagos a hint of European cosmopolitanism, but now the practical and necessary moves needed to be taken.

The Fourth National Development Plan, launched by President Shehu Shagari in January, attempts just this. In his own words, it aims at "simple, functional designs, especially with respect to standard amenities such as schools, hospitals and residential buildings." Its target is "self-sustained growth and self-

This five-year development plan is the economic blueprint of the civilian government. On its success depends the long-term survival and the final establishment of Nigerian de-

Skewed Growth Patterns

It seeks, once and for all, to correct the previous imbalances of tribal-skewed growth patterns, to redistribute and invigorate, and to create a basis for sustained progress long after

the oil taps run dry in 20 years.

It will eventually be on this plan that history will judge President Shagari and, more importantly for his National Party, the electorate will assess his performance if he stands again for office in 1983.

This is why urgency and impressive figures surround the goals of the plan. About \$140 billion is to be channeled as new investment by 1985. Of this, \$17.6 billion is the share of a

#### **NIGERIA**

Area ...... 357,000 sq. miles Population ......80 million Currency.... 1 Naira = US\$1.73 GDP (1978) ......\$45.5 billion Inflation rate (1979) ...... 14%

Foreign currency reserves ...... \$7.7 billion

crops, which in the years ahead must begin to ce the 2 million barrels a da oil that forms 93 percent of all foreign exchange carnings. The aim is self-sufficiency in food and the

new "green revolution" seeking to increase do-

mestic food production and the output of cash

renewal of such traditional exports as cocoa, groundnuts and palm oil, which declined dranatically during the runaway oil boom of the

Industrial Plans

The same target of speedy self-reliance lies at the heart of the industrial plans. Nigeria is seeking to curtail its present import level by manufacturing at home what is so far bought from abroad. It is therefore seeking iron and steel projects, liquefied natural gas plants, pulp and paper mills, and sugar, cement, nitrogenous fertilizer and petrochemical factories.

The attempt to develop the downstream oilallied industries, which are a natural industrial focal point for a major OPEC state, is an attempt to redeem an area hitherto foolishly ig-

Of themselves, these targets imply that Africa's economic giant is heading toward another boom. The difference this time is that a caunous and conservative president will be holding the leash. And President Shagari has not forgotten the oil market fluctuations that crippled the last five-year development plan, nor, as a former automobile company chairman, does he need to be told of the inability of the Nigerian economy to absorb massive sums of

This is no doubt why the plan, which is almost entirely financed by sales of Nigeria's oil output of 2.16 million barrels a day, nearly 50 percent of which goes to the United States, is predicated upon sound and stable oil expectations. For example, the plan only requires an increase in oil income between 1980 and 1985 of well under 50 percent in terms of current prices, a forecast that is in fact unduly pes-

(Continued on Page 14S)

#### World Bank Loans May Top \$400 Million

By Alex Rondos

AGOS - With about 1.2 billion Naira to be borrowed offshore to finance projects in the current budget, the role of one particular institution is often overlooked. Nigeria is the World Bank's largest borrower from Africa, and it is a link that is expanding in spite of Nigeria's apparent riches

For the fiscal year 1980, which ends in June, the World Bank and its affiliates extended credits and loans to Nigeria worth \$286.3 million. This year the figure is likely to be well above \$400 million.

The World Bank is choosy about its customers. Yet it would seem that, if anything, the bank's Washington headquarters, while speaking highly of Nigeria, needs to be persuaded that such a big commitment is justi-

One of Six

In the eyes of the World bank, Nigeria is one of the six countries in the Western African region in which apprepate growth has been satisfactory. The annual report notes that Nigeria is one of the few countries in the region to be in a net surplus position, whereas most others suffered a severe deterioration in their external positions. Nigeria's reserves, in contrast to the region as a whole, have

improved over the last two years.

By the end of June, 1980, total World

Bank and International Development Association loans to Nigeria amounted to \$1.409 billion. Of these loans and credits, \$680.2 million had been disbursed, with transport, power and water supply accounting for about 50 percent of total commitments. Gross disbursements in fiscal years 1979 and 1980 were \$60 million and \$64 million.

The expanded program now operated by the World Bank has been largely prompted by Nigeria. In keeping with the development plan's objectives to diversify the country's productive base in the commodity-producing areas, the hank has now developed rural programs that also aim to meet its objective of raising the productivity of the lowest income groups in the country.

Emphasis has therefore been placed on the agricultural sector. Since 1971, the World Bank has approved loans for 19 agricultural projects, of which three are generally ac-knowledged to have emerged with impressive

These are the northern projects in Funtua, Gombe and Gusau. Their success, in the view of the federal government, has proven the value of planned agricultural develop-ment, or what is otherwise referred to as integrated tural planning. These three projects have managed to develop under a reformed administrative structure that leaves over-all state control intact, while permitting autonomy in the day-to-day management.

The success of the projects has resulted in both the federal and state governments' wanting to reproduce the project throughout the federation and also to expand it on a statewide basis. The latter suggestion, while attractive, and undoubtedly flattering to the World Bank, would pose major problems of administration, particularly given the al-ready-striking shortage of trained manpow-

Manpower Needed

Given the laws in Nigeria about the hiring of expatriate workers, there is some pressure, which has been corroborated privately by Nigerian planners, to channel requests for much-needed manpower through the World

Other projects include farm support services and feeder and farm roads in Ondo state, which should help 70,000 farm farmlies. In Oyo state, \$69.4 million has been invested in farm support services and physical infrastructure to improve the incomes of about 55,000 smallholder farm families.

Lagos has already benefited from a substantial loan to expand the electricity supply to meet the city's rising demand, while the federal highway authorities will receive as-sistance for the improvement of federal

Urban development in Bauchi is another target for World Bank investment.



#### Merchant Bankers Adjust to Constraints, See Attractive Long-Term Market

L AGOS — The expansion of merchant banking in Nigeria was a phenomenon of the 1970s. Banks were given a broad license, which included doing capital market work in an economy that was expanding with oil prices. The last development plan reflected the financial aspirations of the Nigerians, and for a merchant banker there was the additional incentive of expansion of a still-limited capital market following the decree issued to keep a certain percentage of the economy indigenous.

of the economy indigenous.

The actual performance of the five merchant banks has reflected the constraints — and opportunities — of operating within a financial system that has a restricted capital market but also lacks a legal structured role of a merchant bank. As result, it was only until the last year or two that one has seen a clearer role emerge for a type of banking that had become practically indistinguishable from commercial banks in Nigeria.

With assets and liabilities total-

With assets and liabilities totaling 614.4 million naira at the end of 1979, the last official date for published statistics, they pale somewhat behind the N11.238 billion assets and liabilities of the commercial banks.

#### Comparison Significant

The comparison is significant because it places in perspective the issue that commercial bankers have been inclined to complain against; namely, the apparently successful poaching by merchant banks into commercial bank shortterm lending territory. The authorities have reacted through their an-

nual guidelines.

The story of merchant banks' recent experience in Nigeria is an in-

It was not until 1976 that merchant banks were dealt with separately in the central bank's annual credit guidelines. It was then that it became apparent that the overlapping of roles between commercial and merchant banks had become too great, especially where facilities for international trading were concerned. Merchant banks were expected to be medium-term lenders, but they were encroaching on commercial banks' short-term lending. Income statements showed that fee-related business had proven highly profitable. There have been large percentage increases in the overall contribution of letter-of-credit fees.

#### 2-Percent Figure

One banker has calculated that a merchant bank letter of credit opened in Nigeria can earn 2 percent, in contrast with the one-twentieth of 1 percent that a New York customer might pay.

While the high return on assets might be a tempting explanation for the course that merchant banking appears to have taken, it would be unfair to conclude that this has Merchant Banks' Sources and Applications of Funds

(N I	nillion)				
	1	978	1979		
	Sources	Application	Sources	Application	
Aspels					
Cash and cash items	_	24.3	_	13.7	
Bulances held with other bunks		5.9		9.2	
Loans and advances	_	84.7	· <del></del>	32.0	
levestments	32.5	_	_	34.2	
Equipment on lease		0.9	_	2.2	
Other assets	_	21.8	_	99.1	
Liebilities					
Capital and reserves	3.2	_	4.9	_	
Balances held for other banks	3.1	_		5.5	
Money at call	23.7	_		8.0	
Deposit	37.1		48.0	_	
Certificates of deposit		2.7	21.7	_	
Other lurbilities	40.7		129.3		
TOTAL	140.3	140.3	203.9	203.9	

been a conscious policy of their in

more efficient than commercial banks. In Nigeria, letters of credit are highly sophisticated. Because of the exchange controls and the import inspection plan, in addition to limited qualified manpower, such transactions have been known to take weeks. When a merchant bank can offer such a service

in a matter of days, the service is welcomed. Given the changes in exchange rates, time lapses of a few weeks can prove costly.

In spite of such conditions in the market pulling merchant banks toward short-term lending, the authorities have, through the credit guidelines, imposed clearent requirements aimed at steering the merchant banks toward their prescribed role. The latest guidelines

stipulate that a minimum of 40 percent of their loans and advances are to be medium and long-term, with manurity of not less than three years. Not more than 20 percent will go to short-term loans, that is, those of less than 12 months, and a maximum of 15 percent of total assets is to be in

The constraints which the merchant banker in Nigeria faces can best be considered severe but temporary. The early history in the 1960s was marked by a severe set-back when the central bank took over the financing of the produce bills of the marketing boards in 1968. The regulations of the Nigerian Stock Exchange tend to be restrictive of the listing of stocks and have further reduced the variables within the Nigerian capital market. The combination of an undeveloped money market and the managed interest rates, in the view of one banker, limits the freedom with which some merchant banks

would like to operate.

On balance, however, Nigeria offers interesting prospects. And the merchant banks feel they have advantages. There is room to be competitive, they offer efficiency by providing a different type of capital and are able to draw on corporate function.

Furthermore, all merchant bankers are unanimous that in the last six years the Nigerian economy has shown itself to be a particularly attractive market for those looking to the long term. There are three major developments in the last period to which they point.

In the early 1970s, banks managed to make do through the cris-

in the early 19/18, banks managed to make do through the existence of the Nigerian Acceptance. Ltd. and the issue of treasury certificates by the Nigerian authorities during the civil war. But it was the Nigerian Enterprises Promotion Decree in 1972 which initially sought to indigenze 40 percent of the expatriate-owned bushesses that released a new wave of demand for securities.

Of Boom

The boom in oil production in the mid-1970s swelled Nigeria's foreign exchange reserves and coupled with this the authorities brought out the Third Development Plan of 1975-80, which called for investment of N30 billion, a substantial increase on its paede-

With the Fourth Development Plan projecting expenditure in excess of N80 billion and the inevitable confidence that will attend the need to finance such a plant, it is difficult for anyone in the merchant banking community to feel pessimistic about the future.

It is to more than the extension of the variety of services offered that merchant banks will be looking. The first major ensecured debing. The first major ensecured debinsure of NIS million will soon be presented. Though this may be an isolated case, it is seen as just the thin start of a welcome edge. With the increasing demands by the government on participation in government services and in corporate financing that merchant bankers feet that they will have to plange in the coming years.

#### Priorities: Agriculture, Industries

(Continued from Page 7S)
percent on CIF prices, but again
local costs can be added.

There are several changes proposed to the incomes policy. In 1981, companies will be allowed to declare as dividends only up to 60 percent of after-tax profit instead of having the option of declaring 25 percent of paid-up share capital if higher than 60 percent of after-tax profits. This had enabled some companies with low profits to pay higher dividends last year. The government plans to forbid the creation of bours shares on the basis of a revaluation of assets.

No changes are proposed in the existing regulations concerning immagnizent fees, technical service fees, royalties asnd directors' fees. Company tax remains at 45 percent. The government proposes a two-tier withholding tax at 125 percent for nonresidents, which it justifies by the wide-ranging tax rates in overseas countries. Despite the fact that this is better for investors than an original proposal for a 25 percent withholding tax rate, it might still be seen as a deterrent to investment, despite government claims to the contrary.

Because of constant complaints about delays in issuing tax-clearance certificates, the govern-

The budget sets up opportunities for overseas investors.

ment plans to introduce a number of measures to speed up the procedure. There are some changes to the tax rates.

The president included in his draft budget a mention of plans to provide opportunities for overseas investors. These are linked to the recently established Industrial Development Coordination Committee, which promises to give a decision on all aspects of establishing a company in Nigeria within four weeks of application.

As stated in the Ministry of Industries' guidelines to investors, priority is being given to investment in agriculture and manufacturing. The incentive package for industrial entrepreneurs has been substantially modified. Education and housing are two other fields offering opportunities. The construction industry, in particular, should benefit here and at the federal capital territory of Abuja, where some of the main contracts are to be awarded this year.

In addition to the N259-million capital expenditure allocated to Abuja in the budget, an additional N350 million, representing Abuja's share of federal account, will be made available. The government plans to modify the 1973 Companies (Special Provisions) Decree towiden the scope for overseas companies, with Abuja's development in mind.

The Naira
Value Key
To Trade

ACOS — I would lose the mark thated a second marker, to this loss of the second marker in the second market in the

The transer, feeling can be in a compared that the union is included that the union is included that the union is included that it is a number of the field correspond, and that is devoted its in it is included that would being it quickly had would being it quickly had

Many bushers would not matter of fact about it. By would suggest that the rate naive is high enough at present it it is stays at his level is later a senious effect of a fact the not senious effect of the consumy that the pusher wants at all costs to pusher wants at all costs to pushe wants are that a lesson may well have to be as the Fourth Development progresses along the path port-base diversification.

The possibility of further, changes at the back of people's misin togethe. It is correctly obeye by the fact that petroleam caps revenue has moressed dramatics in the last 18 months and price courses are expected to keep prospects up for the current if

Loss of Reserves

teached 25 percent and more it the loss of exchange reserves a become a matter of serious or cean, compounding the assumption that a strong name is to be secreted with a boom in oil matter. It was thought then that change in exchange rate per magnitude in order.

Nigeria's one previous experience in currency devaluation wit in 1973. The results were quiell overwhelmed by the aparage in a revenues and the lack of formula discipline to dominate the carear cy depreciation. Domestic credited but with the government being a creditor of the banking system the mediumes necessary for holding down demand were not taken.

in 1975, wage claims grow in matically and in that year government expenditure increased by Il-percent. So one lesson learned i that statutory convency deprecation "cannot become an isolate policy measure," in the words one comornier.

Whether devaluation would have a great effect on the bulant of payments position has also be questioned. Trade terms might worsen in the short run. Prices of printary commodities such as a proleum could be affected by it would markets. A rapidly fleveloring economy like Nigeria's still a quires a high level of capital in ports which raise import price and have inflationary to the state of the

Reasons for Devaluation 
There are nevertheless some

reasons for believing that there is case for devaluation. Exchang rate policies play an important to in any country which aims actieve the highest level of so nomic diversification. The arisement in Nigeria goes that such policy would encourage the dew opment of new exports; that it port substitution would be boost and that real income levels won be reduced in such a way as make the prospect of greater er ployment more realistic. In a contry like Nigeria which we through a period where labor cos were unusually high—and still a in the view of certain government officials—some feet that devalution would have a beneficial effe on the labor market.

on the labor market.

The success of such a policy d pends, however, on the extent the economy's diversification. A ricultural commodities which a exported would be bound to ga from the higher prices aggottan as a result of the new exchan; rate. Surpluses could be accumulated by the Commodity Board which would enable the antiboriti

to increase producer prices.

The question of devaluation does not appear to be upperned in the minds of the authoritie. The buoyant state of the oil maket makes this quite understant able. However, with the authorities wanting to shift the economy awfrom the current dependence (oil revenue, there seems little doubt that at some stage or oth the debate over the value of the mains will cease to be hypothetical.

#### Herald-Mer Tribune

W Under

rrol G. Rampersad

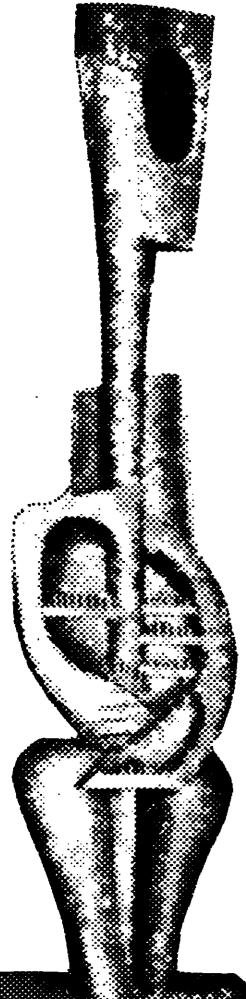
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هكذامن الأجل إ



#### Vational Financing Structure: Vital Backing for Agriculture

S — Imagine a farmer h about four or five acres He is asked to increase his d is advised that the prices , improved seed and ferti-ve risen. The farmer will borrow. He will either go cal moneylender or indebt through the traditional fisystem of banking, hoping weather and success in pay off his debt and have

: imagine a banker. He welhe farmer into his office, in the new bank branches under the Rural Banking The banker might even be nobile bank that travels villages periodically. He is o lend 1,000 Naira to a who can offer no security. nces are that the land canused as security, because ligeria's Land Use Decree e has to produce a certifioccupancy, and the farmer

, have it yet. - le simplistic, one might say, tainly one cannot generaln a country as large as Ni-ut the basic problem is a il one, found with slight ations in most agricultural

> questions, therefore, are: igeria have the structures stance to finance agriculoduction and give it its dramatic boost? And, does all farmer have access to

ast one senior official in-with Nigeria's agriculture that "the basic framework whit is there" although not

> nercial banks are obliged 1 branches in rural areas; itral Bank has a fund to ee banks' investment in agn Agricultural and Core Bank has been revitalor the cash-crop sector there commodity boards conby the Central Bank. There - en encouraging signs of coinstitutions have the task lying or guaranteeing credit the 1980s to reverse the

is to be self-sufficient in food and cash crop production is to be fully reviewed within seven years. This is the fundamental objective of the "green revolution" to which Presi-dent Shagari's civilian administra-tion committed itself when it came to power in October 1979.

In the meantime, food imports have, according to one estimate, increased by 45 percent in the last four years. Cash crop production has continued to decline, with co-coa purchases in 1979 standing at 162,118 tons against 165,000 tons in 1977; cotton fell in the same period from 181,100 tons to 117,399; peanuts from 140,000 tons to a mere 53, and palm kernel from 301,900 to 222,756 tons. Rice is imported by quota, and has been the subject of some controversy re-

Aggravating the problem are changing food-consumption patterns in growing urban areas. Bread is now eaten in towns, which means expensive imports of wheat, and rice - also a relatively new urban taste -- is imported because the imports are cheaper than the

**Credit Difficulties** 

With 90 percent of Nigeria's ag-ticultural output produced by the small farmer, and despite the intention to encourage large-scale enterprises in this sector, the prob-lem of surplying credit is clearly recognized in the Fourth Development Plan

"Access to institutional credit is age farmer due to mability to satisfy set conditions? virtually non-existent for the averset conditions," the plan says. Even when some form of credit is available returns to investment are typically low, given the low production capacity and the limitations of the traditional agricultural system. Direct lending schemes have tended to favor corporate large-scale farms and farmers who possess adequate collater-

has been the formation of the Agricultural Credit Guarantee Scheme. Under this plan, drawn in 1977 as part of the military government's attempts to improve agri-

According to the outlined of Nigeria — is the guarantor of up Fourth Development Plan, Nigeria to 75 percent of loans made by commercial banks in the agricultural sector. Commercial banks under the Central Bank's credit guidelines, are required to commit eight percent of their loans and advances to agricultural production.

The Agricultural Credit Guaran-

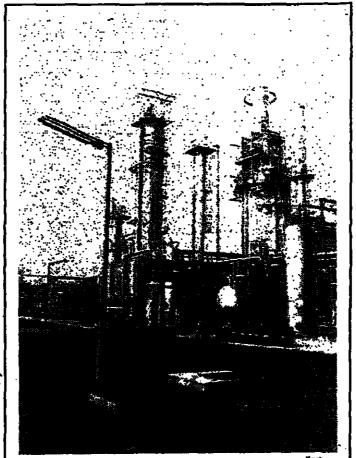
tee Scheme is still young but the evidence suggests that it will be successful it has managed to remforce the commercial banks shaky attitude toward the rural sector. Last year the banks satisfied the Central Bank by meeting the guideline requirements. However, this does not prevent major impediments in development of a close relationship between banker and

An Unsolved Problem

The Rural Banking Scheme has gone some way in alleviating the problem of low banking density in rural areas, although it can be argued that having a bank in some small town is not quite the same as going out to the farmer and selling one's services. But while the eligibility of the borrower and the matter of his security remain unestab lished it is difficult to see how confidence in farmer-banker relations

One expert has stressed that so long as the farmer cannot obtain certificate of occupancy reed unider the reforms of the Land Use Decree, there is no way in which he can prove his loan eli-gibility, let alone offer security. One of the characteristics of the Nigerian banking system is that banks are highly liquid. It is there-fore difficult for them to face the protracted amortization that is a feature of lending in the rural sector. Then there is the problem of supervision of loans to avoid diversion of the money. The consensus is that little will be achieved until more trained banking staff emerge from the system.

Two very different methods of should be seen as part of an entire system. Bankers are now being advised that if a farmer can neither prove his eligibility nor offer adequate security, then the assurances of the local "big man" should be acceptable. Of course this is an in-



WHERE THE MONEY IS: Oil, the driving force of Nigeria's economy, is processed at a Nigerian refinery.

tives have been encouraging — some of the few bright spots in Nigeria's credit structure. There is little doubt that banks would prefer dealings with a bulk borrower like a cooperative to dealings with

Recent Restructuring One of the weaknesses of agricultural credit in Nigeria has been the relative neglect of the Agricultural Develop-ment Bank. However, in the last three years there has been a determined effort to raise the capital base of what has become the Nigerian Agricultural and Cooperaive Bank, recently restructured.

In the cash crop sector the Coming do exist, however, and modity Boards are stirring into a counterattack to improve output. Cocoa output is suffering from trees that are aging and large numbers of farmers who see that food production is more hicrative than cocoa-raising. Since 1968, the marketing of cocoa has been financed through the Central Bank The signs of healthy coopera- Bank of Nigeria, first to Marketing

Boards and then to the Commodi ty Boards that replaced them.

If these are the main arms of finance in Nigerian agriculture, they will be hard put to meet the

objectives set out in the Fourth Plan. The Plan recommends an expansion of the framework of agricultural finance.

If anything, what is needed is a greater degree of coordination between the government financing agencies, the commercial banks, the state cooperative banks and foreign capital. With the rescheduling of the agricultural pro-cessing industry, there will be all the more reason for cohesion. Some would like to see the states develop their own agricultural credit guarantee schemes. But the most immediate need, given the predominant role of the commercial banks and the growing role of the NACB, is to publicize the services that these institutions can or should offer.

#### A Decade of Growth for Banking

(Continued From Page 1S)

than prevailing conditions in foreign countries, and improving Nigerian access to bank credit with an enlarged system of distribution

Other development functions that the CBN emphasizes are pro-vision and organization of devel-opment finance for government and private sectors; development of the banking habit through im-provement in institutional arrangements, accessibility, costs and con-venience of banking facilities; mobilization of domestic savings; eradication of malpractices in Nigerian banking and training per-sonnel for the banking industry.

By thus emphasizing develop-ment rather than traditional functions, the CBN seems to have opened new dimensions in African central banking. Three examples il-

Expanding Guidelines

First, taking into account the country's undeveloped financial environment, the CBN discarded the traditional techniques of open market operations, variable liqui-dity ratio and bank rate. With the magnitude of problems making moral exhortation ineffective, the CBN relied on direct action to control the volume, direction and cost of money and credit in the economy through its annual mone-tary policy guidelines started in

Limited at first to commercial banks, but extended in 1976-1977 to cover merchant banks and in 1978-1979 to insurance companies, these guidelines cover interest rates and rendering of returns, credit ceilings and percentage shares, as well as prices and allocations for preferred sectors and oth-

In addition to controlling volume, direction and cost of money and credit in the country, the guidelines have enabled the CBN to influence the operational orientation of commercial and merchant banks. They have ensured that the preferred sectors - including manufacturing, agriculture and residential housing — get in-creased allocation of credit at more favorable rates of interest than the less preferred sectors (gemeral commerce and others). As a result of the guidelines, the share of commercial bank loans and advances to the preferred sec-tors increased from 32.6 percent at plan, which also was begun in millan.

The outlook for Nigerian banking in the next decade:

'More sophisticated services will be

demanded of the banks in the 1980's...'

the end of 1970 to 70.3 percent at the end of 1979, while the share of the less-preferred sector delcined from 61.5 percent to 29.7 percent

during the same period.

As a result of special emphasis on agriculture and residential housing, these two sectors began in 1978 to attract specific allocations at concessional rates of interest.

In 1980 a policy was instituted that required banks to deposit (at no interest to themselves) any shortfalls from the minimum ratios to these sectors with the CBN, which would then lend the equiva-lent of the shortfalls to the Nigerian Agricultural and Cooperative Bank in the case of agriculture and the Federal Mortgage Bank in the case of housing loans for lending to the agricultural and residential housing sectors.

Increased Agricultural Credit

The second illustration of the development orientation of the CBN in the 1970s is the Agricul-tural Credit Guarantee Fund Scheme. Established in 1977 with a fund of N100 million, 60 percent of which is subscribed by the federal government, the plan guaran-tees loans granted by commercial and merchant banks for agricultural production with the aim of insing credit to the agricultural

For the first eight months of its operations in 1978, the plan guaranteed 341 agricultural loans amounting to N11.3 million. In 1979 a total of 1,105 loans amounting to N33.6 million was guaranteed by the plan, while in 1980 the figures were 945 loans

amounting to N31 million.

1977. Aimed at providing banking facilities in rural areas, the plan directed commercial banks to establish lish within three years ending in June 1980, a total of 200 remail branches throughout the country. In July, 1980, the second threeyear plan was begun under which commercial banks are expected to open 266 additional rural branches in the three years ending in June 1082

In spite of these developments it must be emphasized that Nigerian banking and finance is ill-equipped to satisfy completely the country's aspirations for faster developmenmt in the 1980s. For a country as large and potentially rich as Nigeria, 26 banks and 800 bank offices are inadequate. More banks should be encouraged to set up shop in the country and vigorous branch expansion should be encouraged partly by intensification of the rural banking plan and decongestion of urban areas.

The banks must continue to be persuaded, even pressured, to change their operational posture and adapt to faster development. Bank lending is still essentially short term and the attitude toward customers essentially indifferent.

As faster development calls for more medium- and long-term lending to the productive sectors of the economy and the training and nuturing of indigenous entrepreneurs, effective marketing of financial services calls for a change from armchair to dynamic bank-There is an urgent need, too, for

instruments that can be traded in the money and capital markets to redress the present situation in which government instruments dominate the two markets. Finally, there is an imperative

need to step up training and executive development programs in the banking industry in order to exploit the country's bright pros-

More sophisticated services will be demanded of the banks in the 1980s in response to changes in the nature of the businesses they are called upon to finance and to increased knowledge and discrimina-tion among their customers.

G.O. Nwankwo is executive director of the Central Bank of Nigeria and the author of "The Nigerian Fi-nancial System," published by Mac-

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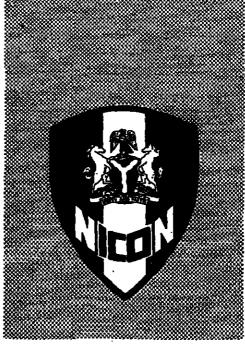
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#### The History of a 'Decided Convenience'

By Peter Thistle Suffern

AGOS - When the shareholding patterns of banks in Niago, to give Nigerian interests at least 60 percent of the equity, the Standard Bank of Nigeria changed its name to the rather grand title of First Bank, since it could show a little of the standard Bank of Nigeria changed its name to the rather grand title of First Bank, since it could show a direct line of descent from the first bank to open in Nigeria, almost 90 years ago. When that first bank started its activities the British coastal colonies had not yet evolved into their final shape and the economy of West Africa was very different as well

British Bank of West Africa (BBWA), George Neville, who advanced the money which enabled the Governor of Lagos, Sir Gilbert Carter, to lamoch the Nigerian rubber industry. In 1893 that industry exported 56 pounds of rabber, worth 3 pounds sterling; in 1906 it exported 927,627 pounds worth more than £91,000. (Last month the managing director of the Ni-gerian Rubber Board announced plans to plant 10,000 hectares of rubber, largely to feed domestic

George Neville was, in effect,

What had prompted Neville was the increasing use of British silver coins — florins, shillings, sixpence and threepenny pieces — in the daily life of West Africa. The pieces, shipped out from the Royal Mint in London, had to be recounted on arrival, packed into sacks of 100 and then stored. All this took time and, on occasion, space that could have been more profitably used. Elder Dempster derived no benefits from the money other than shipping fees.

Neville had foresight. Between 1886 and 1890 the number of coins imported annually averaged 24,000; in 1891-95 it was 116,000 and in 1896-1900 it was 257,000. By then the bank had a monopoly on coin imports which it could "sell" at a markup of not more than I percent. Indeed, getting that monopoly had been one of the pre-conditions for opening a bank in Lagos. The other was that the bank should get the government's

firms, a stevedoring business, engi-

neering firms and others connect-

ed with the shipping business. All of them had seemed to come natu-

rally in the wake of Alfred Jones.

Alfred Jones, to whom Neville made his proposal, had visited West Africa at 14 as a ship's cabin boy Later he joined the Liverpool office of the African Steamship Line, founded in 1850 by Macgregor Laird. In the same building were the shipping offices of Macgregor's brother William, where an apprentice named John Holt worked. Holt, who became a lifelong friend — and business "enemy" — of Alfred Jones, set up his own business after a while, then was invited to join Elder It was the first manager of the Dempster. Within a year he was senior partner and had merged Elder Dempster's British and Afri-

can Steam Navigation Company with the African Steamship Company for which it was agent. By 1902 Elder Dempster was de-cribing itself as "the largest shipowners in Britain" and "one of the largest commercial houses in the world." It had a near monopoly on shipping to West Africa; owned oil mills in Africa, coaling stations in the Canary Islands and elsewhere. a hotel at Sekondi and others in rebber factories). Jamaica, Britain's first British banana-importing and distributing farm, gold mines, engineering

the father of the BBWA. An agent at Lagos for Elder Dempster, the shipping group, he had been on the African coast since the 1870s. When he went to England on leave in 1891, he proposed to Elder Dempster head Alfred Jones that the company open a bank in West

that bank facilities were urgently needed. Jones told him to try to persuade an existing bank to start a branch in Lagos. Neville approached the African Banking.
Corporation (ABC), which had just opened for business in South Africa. The ABC board accepted Neville's plan and appointed him agent. It took some prodding from Alfred Jones to get the Colonial Office and the Crown agents, who had hitherto been responsible for new-silver shipments, to agree to sole silver-import rights and govamment banker, though the latter idea was warmly welcomed by offi-

cials in West Africa. The bank opened for business in September 1891 but soon hit ags. In October the London manager, at the request of Lagos, asked the Crown Agents to issue an order on the Royal Mint to ship lonial governments on the West Coast." The Colonial Secretary refused to sanction the sitioment until he had had a full report from the Lagos government. Meanwhite Neville - who had received two shipments of 5,000 pounds each but needed much more -- was

pressing for the rest. On Dec. 1 of that year, Alfred Jones joined the tussic and wrote to a senior Colonial Office official for help in the matter, "We have put our names to [this bank] and we must not allow it to be weak at any point. A good sound bank in Lagos, and in other colonies in Af-rice, is an absolute necessity for the development of the country. Don't let us fail now in any little point... I shall be glad also to hear that the government has given our bank in Lagos their account." (The latter did not happen until May

On Dec. 10 the Crown Agents gave the bank permission to ship silver "without restraint." In March 1892 disputes between the ijebu and Egba tribes closed the roads between Lagos and Abeolog-ta and virtually halted the colony's

The following year the ABC found its hands pretty folly occupied in South Africa, its mair, concern, and asked Alfred Jones if Elder Dempster would take over the Lagos operations. Jones agreed, paying £1,000 and undertaking to refund ABCs costs.

When Neville suggested to Jones The Crown Agents were not happy to entrust the silver currency to the "private bank of a ship-ping firm," partly because of one official's personal distike for Jones, so they "requested" that a public company called the Bank of Brit-ish West Africa be set up. It was, in 1893, and branches were opened in Accra in 1896, Freetown in 1898 and Banjul (then Bathurst) in 1902. Alfred Jones was chairman and principal shareholder until his death in 1909. The path to the BBWA was not

easy. Authorities in London interrupted the silver monopoly until £10,000 worth of British government securiues had been deposited on behalf of the new bank and even instructed the governor of Lagos to close the official account there. George Neville dealt with State Coorge Neville dealt with that by calling on the acting government funds while the that there was observed from the coorge neville dealt with that by calling on the acting government funds while the transfer of the coorge neville dealt with that by calling on the acting government funds while the transfer of the coorge neville dealt with that by calling on the acting government funds while the transfer of the coorge neville dealt with that by calling on the acting government funds while the coorge neville dealt with that by calling on the acting government funds while the coorge neville dealt with that by calling on the acting government funds while the coorge neville dealt with that by calling on the acting government funds while the coorge neville dealt with that by calling on the acting government funds while the coordinate of the coordi

customers. The profit was then 2318. As the econom 1890s, so did the business, c Bertish Bank of West Africa

The BEWA operated success and the trading i company led the African Ass tice --- headed by John Hok ated trade. The a rised of merchants mainly in Liverpool and Manch ter that trading with West Affi-had been skinnishing with Affi looes about shipping rates,

By 1905 the Anglo-African B had opened a branch at Gri Bessam in the Ivory Coast and I grown enough to change its no to the Bank of Nigeria and mind a stage of the silver a uss. In 1916 the Colo Bank of Nigetia agreed to sell on to the RBWA after the long cost petition that undoubtedly he helped spread banking services i Nigeria and elsewhere in West A

Alfred Jones, by now Sir Alfred who had fought for the bank's est ation and communed to fight for in growth, died in December, 1968.



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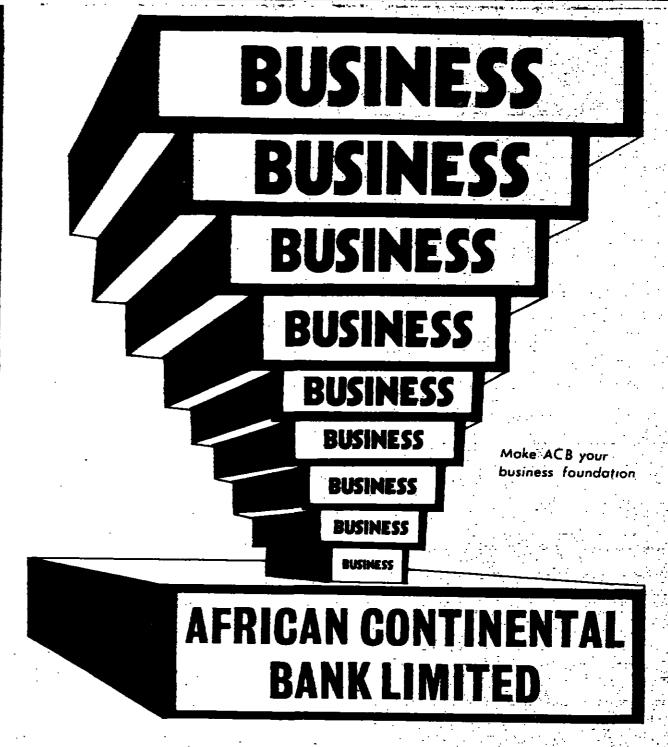
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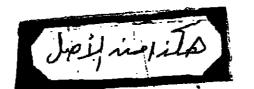
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## Package of Incentives for Development It is, in the words of the Minister of Industries, "the first compression of Nigeria" of Nigeria's

ional Party of Nigeria, exits commitment to a mixed y. It also emphasized the Nigeria to attract foreign ant "to help develop Niger-nt industry, strengthen her of payments and ensure sfer of technology". Now, months in office, the civilinistration is following up. articular, it proposes to the Nigerian Enterprises on Act to allow foreign a larger share of equity in ypes of enterprise. Under ges, foreigners will be able up to 60 percent interest of the present 40 percent m in the production of ontainers, fertilizers and in sugar plantations and ig, in agricultural plantar tree crops, grains and h crops. They will be able up to 40 percent interest in reacture of jewelry and reticles, garment manufacmilling, all exclusively for s in the past. Reschedulwelry and garment manuis particularily aimed at smuggling. But tin smelt-processing will require a 1 60 percent Nigerian

is no doubt that Nigeria and badly from foreign lack of confidence, ry uncertainty about the changed indigenization f the military government 1970s. The first decree, vided enterprises into two s - those which must be wned by Nigerians and which foreigners might te — was amended conto the confusion of all d, until a new Nigerian es Promotion Decree was ated in 1977. This reclassirprises into three "sched--d is the one that still oreign operations.

ile One lists 40 types of a including such activities ising and public relations, listribution agencies and arming, wholly reserved rians. Schedule Two lists of enterprise, including = and insurance, clearing arding and a variety of in-in which foreigners can te only if the Nigerian

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Schedule Three lists 39 types of lam Adamu Ciroma admits, for-enterprise, including manufacture eign investment has not been en-of drugs and medicines, engines couraging. But with the return of and turbines and various other industries in which 40 percent Niger-ian participation is required. This and overseas entrepreneurs reallast schedule contains enterprises which call for significant amounts gigantic market but of 20 separate of capital and organization and specialized managerial talent, which means in effect only nomifederal government has many op-portunities to offer, as do the 19 nal indigenous participation, but this is also true of some enterprises in Schedule Two. This is why the government proposes moving some items from Schedule Two to Three as investment in these areas has stagnated since 1977.

How badly the soldiers' decrees affected investment is illustrated by figures given by Central Bank director Prof. G.O. Nwankwo. Net capital inflow was 319.6 million naira in 1971, N248.3 million in 1972, N192.6 million in 1973, and N48.3 million in 1974. In 1975, after the first indigenization exercise had been completed, it rose to N475.6 million but dropped again in 1976 to N46.6 million. Since

civilian rule in October 1979 forized the potential of not just one ones all set on rapid development of infrastructure and industry. The

state governments of diverse party

allegiances. All have been sending

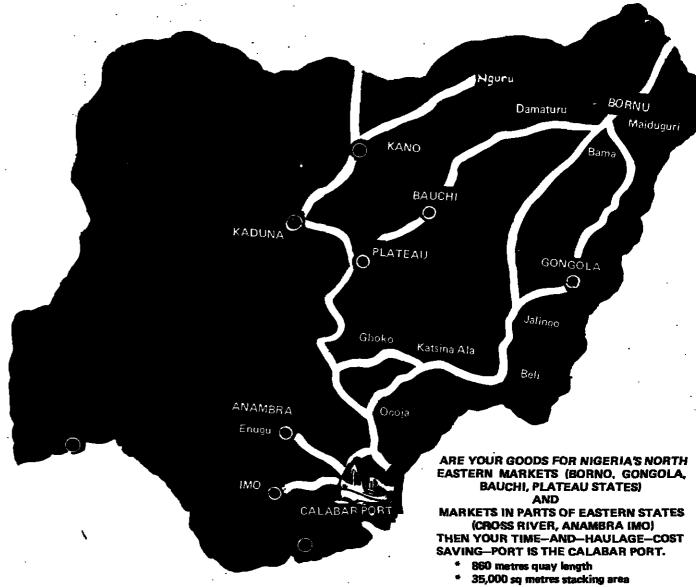
high-powered delegations through-out the world to seek investment for their development programs. President Shehu Shagari's administration is committed to encouraging private investment, as opposed to the heavy government involvement under the soldiers, although there will continue to be public-sector involvement when necessary or justifiable". The Shagari government's plans are set out in a booklet, released late last year, called "Nigeria's Industrial Policy and Strategy: Guidelines to Investors," an indispensible docu-

ter of industries, "the first compre-hensive blueprint" of Nigeria's long- and short-term industrial aims, and is based on the industrial program outlined in the NPN election manifesto. As well as seting down government priorities and incentives, it carries a list of 36 relevant laws and regulations. It states: "The main thrust of government effort will shift emphatically to the provision of incentives and infrastructural facilities, the removal of unnecessary disincentives and obstructions and the facilitation of procedures and approval processes — all are designed to make things easier for the industri-

Nigeria is undoubtedly still a growing market for capital goods, but profits from consumer goods can be made only by investing in their production in Nigeria in part-nership with local industries. The new emphasis is on industries which use local raw materials, especially agro-based industries in furtherance of the "Green Revolution" (see box for current priority areas). The administration has rethe import substitution strategy whose benefits to the national economy, Mr. Adamu said, "have been minimal, principally because of the invariably low level of local value-added".

Now industries which try to increase local inputs will be encouraged. Wherever possible, local raw materials must be used, and a certain time span is given for changing over to the use of such materials. Linkages between industries will be encouraged, as will backward integration, through relief tax and incentives. Approval of expatriate quotas will be tied to a company's plans for staff training enterprises will be encouraged to maintain research and development units. There must be a timeplan for transfer fo technology.

Incentives currently being of-fered include "pioneer status", which gives a tax holiday of up to five years; an "approved users' scheme" under which manufacturers are allowed to import certain raw materials free of duty or at concessionary rates; graduated excise-tax reduction for local valne-added; and substantial concessions for agro-allied industries. Dispersal of industries throughout the country will be encouraged and "industrial free zones" created for industries producing exclusively INTRODUCING TO YOU



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#### Political Issues: The States and Revenue Sharing

AGOS - Two political issues seemed to be certain threats of danger for the Shehu Shagari administration when it took office in October, 1979. These were the creation of new states and the formula on which federally collected revenues, almost the only source of public funds in Nigeria, would be allocated among the federal, state and local governments. The solution of the states issue, although gathering steam, lies ahead, but in his most striking political success so far the president has secured a National Assembly vote for his revenue allocation proposals.

In late February, Mr. Shagari was able to sign a bill that should provide a workable system during the rest of his term of office and beyond, even if its critics turn to the courts in the hope of nullifying

it and reopening the issue.

Between 1946 — when Nigeria was divided into what is now the former three regions --- and 1977 - by which time Nigeria had 19 states - no fewer than seven commissions examined the revenue allocation formula. All federations face the problem of financing the various "tiers" of government, but in Nigeria the problem is particularly acute. Here, with the exception of the big northern emirates in the period when they collected the "community tax," only the central (later federal) government, through its control of import and export duties and company tax, has been able to collect significant

revenues The advent of oil, now producing almost 80 percent of federally collected revenue, emphasized the financial dominance of the federal government. But the act of demanding more of this revenue for state or local governments is attractive to politicians.

#### Revenue Division a Quandary

Although the arguments can be complex, they really concern two issues: To what extent should revenue, even if federally collected, be returned to the state or states from which it is claimed to "derive" whether through mineral or other production or consumption of taxable 200ds: and to what extent should the allocation take into account "need," represented most obviously by population but also by accidents of history or geography. In general, the commissions have moved from "derivation" to Shagari Has Advanced on Formula to Allocate Income

The last commission before the civilian government took over, the Aboyade Committee, went so far as to abandon "derivation" altogether. It recommended instead five new principles: equality of access to development opportunities; national minimum standards for national integration; "absorptive capacity;" a state's independent revenue and tax effort, and "fiscal

efficiency." The military government accepted this highly academic formula provisionally. But the formula ound no favor with the civilian Constituent Assembly drawing up the constitution for a civilian regime. One of the first tasks of Presdent Shagari was to appoint a new Revenue Allocation Commission, under Ibo economist Dr. Pius Ok-

The commission reported on June 30, 1980 and the lederal administration accepted most of its proposals, which paid some regard to "derivation" but less than was paid by any other commission except the Aboyade Committee.

Although its proposals were far simpler than those of the Aboyade Committee, the Okigbo Commission did try to refine some of the cruder concepts of revenue allocation. It suggested, for example, a Social Development Factor to be represented by primary school enrollment, to account for 15 percent of the allocation to states. Out of this 15 percent, 11.25 percent would be shared on the basis of ments, 50 percent is to be shared direct primary school enrollment, on the basis of minimum responwhile the balance of 3.75 percent would be shared on the "basis of inverse enrollment which will be represented by the number of children of primary school age who are not in school"—an effort to government's share to 50 percent, help states still backward in educa-increasing the share of state govtion. This proposal, approved by the president, was dropped by the

Narrow Viewpoint Implied

When presenting his budget pro-posals for 1981, President Shagari included the Okigbo formula, with some amendments. In the meanfrom state representatives - in- houses.

"need," and the states do have clading those of the president's considerrable responsibilities — in own party — for a much greater edication, roads, agriculture and share of federally collected revenue.

nues. Critics maintained that the Okigbo Commission did not reflect popular opinion.

The president's revenue allocation proposals came to the two houses of the National Assembly — the Senate and the House of Representatives — in the form of a bill. The lower house wanted major changes in favor of the states, the Senate minor ones. In accordance with the constitution, a joint committee of both houses met to reconcile their differences, and it accepted the Senate proposals.

Now, the federal government takes 58.5 percent of federally collected revenue, the state governments 31.5 percent, and local goveruments 10 percent. The federal government's 58.5 percent is divided into 55 percent to the center for minimum duties and responsibilities of the federal government;" 2.5 percent for initial development of Abuja, the new federal capital already under construction, and I percent for aid to "ecologically degraded" areas — principally those that might suffer from oil spillage

or damage from mining.

From the states' allocation, funds equal to 5 percent of all federally collected revenue are divided among mineral producing states on the basis of "derivation." The remainder is divided as follows: 50 percent equally among all states, 40 percent on the basis of population, and 10 percent on a new principle of "land mass." Of the 10 percent to local governsibilities and duties," 40 percent according to population and 10 percent according to land area.

eraments to 40 percent and leaving that of local governments at 10 percent. Voting in the joint comittee was very close; the proposed 58.5 percent for the federal government, for example, attracted 13 ayes and 11 nays. Twelve members from each house formed the committee, whose decisions do not time, there had been loud demands have to be endorsed by the two

The House of Representatives

The National Assembly's decision, however, was entirely satisfactory to the federal government. The changes made in the president's original proposals, which differed only slightly from the Ok-igbo Commission's proposals, af-fect only the division of revenue between the state and local governments, and the principles on which

the allocations of these two "tiers"

of government are to be spent. The president no doubt also derives satisfaction from the support given to him in the Senate by Senators from the PRP and GNPP, as well as his own National Party of Nigeria (NPN), even if the opposition of NPP senators was a further blow to the existing NPN-NPP alliance, which was intended to ensure a majority in the

National Assembly. The National Assembly's approval was particularly important for the advancement of the federal budget for 1981, which was based on the president's formula.

Even the Okigbo formula, en-dorsed by the president, for division of the states' share of revenue, may have seemed too complex to the legislators -- although much less complex than the earlier Aboyade formula. The Okigbo formula's "social development facwas difficult to understand

The new principle of 10 percent for "area" takes into account, for state and local governments, the extra cost per citizen of administering and providing services for sparsely populated areas. There is great variety in area and popula-tion density among Nigeria's states. Borno, for example, with just over 3 million people, is 117,000 square kilometers in area: while in Imo a somewhat larger population lives in only 13,000 square kilometers. Local govern-ment areas show similar dispari-

For the president, the National Assembly's acceptance of his proposals offers satisfaction for other reasons. As a member of the Constituent Assembly, long before he was named NPN presidential candidate, he offered suggestions for revenue allocation very similar to those now adopted. In 1978 he bitterly attacked the Aboyade prostract;" claiming they would re-move the problem of revenue allocation from the understanding of the ordinary man in order to make its operation the exclusive preserve of "technocrats who are prone to nipulation, favoritism and other

Above all. Mr. Shapari said, the "population factor" could not be ignored. He finally suggested some 53 percent for the federal government — including 2 percent for the Federal Capital Territory — 3 per-cent for "special account," 34 percent for states and 10 percent for local government.

Local authorities, it is said, proved incapable of spending even their previous allocations usefully, and the presence of apparently surplus funds attracts the wrong type of people. Allocations will continue to go directly to the councils from the federation, an innovation in Nigerian local govern-ment introduced by the military regime, and state governments will remain unable to use any surpluses. But the federal admi is determined to develop democratic and effective local government, and to make funds available for it - the new formula gives it 8, instead of 3, percent of federally

#### State Share Increased

State governors and other reoresentatives, including those from the president's own party, will con-time to complain that the states share of revenue is unjustly small. But in fact the new formula cuts the federal government's share of revenue by 20 percent and increases that of the states corresponding-

The already enormous increase in their funds from federally collected revenue is shown by com-paring the figures for 1968-1969 and for 1976-1977 — a 15-fold increase in revenue. The Okigho Commission calculated that to discharge its responsibilities — which include, for example, not only defense, police and external affairs. but the running of 16 universities and "a bost of research institutes" - the federal government needed at least 60 percent of the revenue it collected. It also has to service external debt, some contracted on behalf of states. It has, however, in expectation of a continuing rise in oil revenues, agreed to accept 5 percent less than the Okigbo Com**Balance of Payments** 

	,		· · · · · · - ·			(N A	illion)
ltes.		1980	1981	1982	1983	100	1985
Merchandise Exports		14,640	25,672	x6,758	17,894	14	20,306
Merchandise Imports		818,11	13,263	14,884	16,601		20.548
Trade Balance		2,822	2,409	1,874	1,293	<b>29</b> 4	243
Net Non-Factor Service	••	<b>—993</b>	<b>—1,122</b>	<b>-1,271</b>		-166	
Net Factor Payment		-240	-137	-59	<del>****</del>	Z : roß	+ <b>2/9</b>
Current Account Balance	••	z.589	1,150	544	203	, Lito	4.30
Net Transfers		-233	-262	<b>-288</b>		337	— 36 <sub>18</sub>
Direct Foreign Investments	١.	240	264	290	390	€00	456
Official Capital	••	560	700	750	<b>800</b>	<b>85</b> 0	900
Change in Reserve (Minus	3		_ · · · <u>·</u>				
Increase)	••	-2,156	-1,852	<b>— 1,296</b> °	<b>Ges</b>	+ 247	+1.794
Reserve Level		5.357	7,209	8,504	THE EAST	Sec.	7.50

#### Oil Sector Account

Item	7980	1981	1982	1983	1984	1985
Output in Million Berrel/Day	2.15	2.19	2.24	3.28	2.32	2.37
Domestic Demand in M.BBL/	. 4					
Day	0.25	0.28	0.31	0.35	G 39	044
Exports in Million Barrel/Day	1.90	1.91	1.93	L-93	1.93	.1.93
Exports in Million Barrel/Year	694	698	702	705	706	706
Price in Naira per Barrel	20.10	21.31	22,50	23-94	25.38	26.yo
Exports at Corrent Price	13.939	14.877	15,854	10,867	17,912	18,980
Exports at 1977 Prices	6,595	6,640	6,676	6,701	6,713	6 715

the division is pointless. Apart from the costs of the Ministry of External Affairs, procurement of supplies and other activities abroad in which the state governments also engage, all federal expenditure except that on the new capital takes place in the states. The state governments, in addition to statutory allocations, receive large ad hoc subventions from federally collected revenue. Money retained by the federal government is not "lost" to the states or their citizens. The states have shown a

notable lack of fiscal discipline.

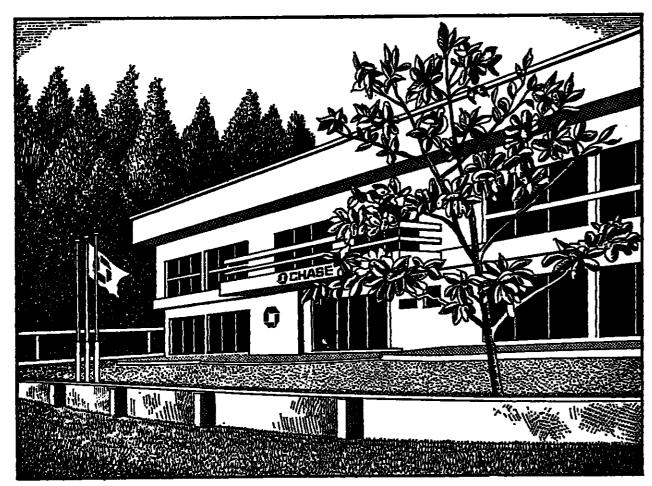
The individual citizen, 100, although he may or may not prefer control of spending to be near at hand, is unconcerned about how education, roads, water supplies, health services and the rest are financed, but concerned only with their quality.

The president also has warned legislators: "Such federal amenities as may be enjoyed by your constituents are determined by the size and scope of the federal budg-

The likely steady increase in oil revenues, which seem certain to produce the bulk of federally letted revenues for many ye alcold mean not only that the can government can meet ob sing revenues absolu whatever proportion of federal collected revenues those representation practices (

crimination in state allocation federal funds because of the policies of their government. ments. If these revenues show ever cease to expand, revenue a cation could become a mach me explosive issue than it has been

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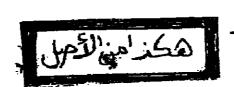
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1985

26.4 12.2 0.4

6.4 5.6 0.2

20.1 3.4 7.2 3.2

100.0

1984

27.7

11.3 0.4

6.5 5.3 0.2 19.5 3.6

100.0

1983

29.0

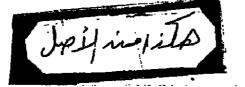
6.6 5.1 0.2 18.9 3.8

100,0

1982

9.5 0.4 6.7 4.8 0.2 18.2

100,0



#### mmercial Banking: ollowing Guidelines

OS — Any banker who aks he would be able to in Nigeria by adhering to odox tenets of commercial would soon find himself Certainly the day-to-day of a bank differs little, ext efficiency is still wanting. r it is the burden of acting conomy where the capital oney markets, whatever cent expansion, are still where development bankindustrial production. only now acquiring the bility and public financial to make them truly effec-More heartening is the attitude where the economic planect of commercial bankers at stretches their orthodox ions. Indeed, they are suin a manner that might lost excessive for someone

On Sector Accommendation of commercial banks are to follow the Central f Nigeria's credit guidehich control aggregate juidity ratios and the diloans and interest rates. o comply results in penal-

#### \* : 0-Percent Ceiling

Hance of Parment

is a 30-percent ceiling on bank credit expansion mall banks (those with 100 million naira advanc--ans) are permitted to go percent. Banks have to onthly returns to the cen-

re immediate significance uidelines on sectoral dis-of loans and advances. set out as minimum pershares, with production e lion's share of 56 peris subdivided into agriproduction (8 percent), percent), manufacturing nt) and construction (10

have to receive a minidevelopment finance in-(the development banks, percent. With 75 percent by the preferred sectors, ning 25 percent has to be ∹is maximum percentage -eneral commerce (17 per-- other (8 percent).

the aggregate credit ceileeded or when the mini-: irements for agriculture rith the Central Bank a ase, or shortfall in the

#### mother Concern

Linking

national

ous borrowers are anothnment concern as n the guidelines. Both in ) and in the previous s failed to reach the tarspect to loans to small-prises owned by Nigeri-ding to the preamble of

re now faced with the locating 70 percent of lit to indigenous bor-d l6 percent of this total wholly by Nihaving to go to busile with 5.6 percent in-businesses with turn-

ing on the class of bank, posit has to be mainthe Central Bank, with etween 5 and 2 percent. num liquidity ratio reent and a detailed out-

it would be wrong to

presume to operate within Nigeria without applying himself to the macro-economic needs of the society. This is particularly true of those banks that were once the expatriate banks and now have a 60percent Nigerian holding. The guidelines, therefore, require banks to adapt their lending to the devel-opment needs of Nigeria and they seek to encourage the "Nigerian-ization" of production, especially

#### Credit Outlets Needed

adopted by bankers. While they might complain in passing at the difficulties in being required to give loans which are scarcely secured to small-scale businesses or farmers, they accept the need for such a policy. Where differences might emerge, and did in conversa-tions with bankers, was the degree to which they were prepared to take up some of the challenges of "selling" banking in an economy that is desperately short of commercial credit outlets.

Nigeria's 20 commercial banks have about 800 branches throughout the country, about the same number that one would find in a city such as London.

This is why the government again through the central bank and its rural banking scheme, in its sec ond phase requires a further 260 branches to be opened throughout the country by December, 1983. It is a costly exercise for some banks; the central bank decides on which states should receive how many banks and on where they should

The rural banking scheme, however, leads one into far more delicate, or controversial, territory, The mandatory expansion of branches in specialized sectors is one of the constant refrains among Nigerian planners and bankers The efficiency of banking in Niger ia especially in its daily operations, is seriously hampered by this problem. People have to wait, on occasions, for several hours for a check to be cashed. The integrity of the banking system is affected.

#### **Credit Card Problem** One banker, when asked what

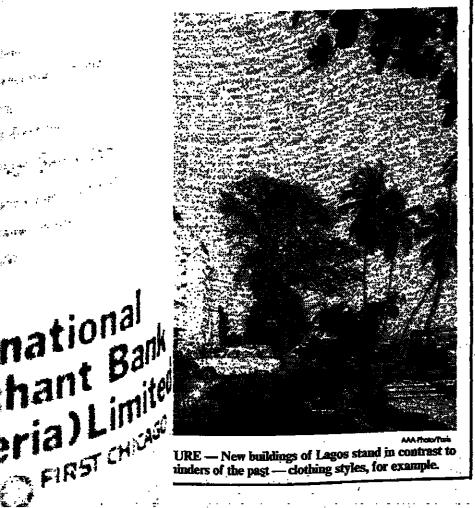
the constraints of the banking system were, pulled out a credit card, in Nigeria: Indeed, one of the ave-nues for competitors to the established bankers is innovation and Union Bank, respectively, the suc-cessors to Standard and Barclays Bank, retain their pre-eminence in the banking picture, the success of a bank - such as the French bank Societe Generale, which arrived in 1977 and has become the fifth largest in Nigeria - has been largely due to innovation. The introduc tion of computers alone has been a

major attraction to depositors.

The move into the states by the larger commercial banks raises the problem of relations between banks and the states. Under the constitution, states can dispose of substantial financial resources through the revenue allocation sys-tem. How they choose to devise their plans and call upon banks for specific projects is their own busi-

the lack of proper management of some state budgets has left certain banks in deep water. They also have to contend with the volatility of state government deposits.

There are 11 commercial banks created by state governments and have a majority shareholding. It was a recommendation of the Fi nancial Review Commission under Dr. Pius Okigbo (in a report that was never published) that each state should have its own bank. Though this has yet to be achieved, and was rejected at the time by the



URE - New buildings of Lagos stand in contrast to unders of the past — clothing styles, for example.

#### (Nº Million) 1980 1981 198<u>2</u> 1983 1984 1985 6,207 7,401 8,082 5,308 22,739 9,254 317 5,343 4,400 203 16,009 Livestock, Forestry and Fishing 3,733 4,076 4,451 4,861 5,797 21,032 7,523 275 4,801 Mining and Quarrying ... 17,991 19,452 16,640 24,586 4,973 208 3,875 2,611 133 9,995 11,382 364 5,947 5,236 233 6,117 239 4,313 3,107 Manufacturing

3,697

13,683

2,741 4,778

153

11,695

2,538

1,886

**Gross Domestic Product at Current Prices** 

56,<del>94</del>1 64,208 72,552 82,154 50,599

2,350

banks that do suffer from political interference at the board level.

motions Decree, which by 1976 required all banks to be owned 60 percent by Nigerians, has been the subject of some debate. There are some bankers who believe that in the early stages of its implementation, there was such a turnover in the directorial personnel as to seriously disadvantage the operation of certain banks. This is a problem that has been greatly reduced, though in principle the question of

Sector

Wholesale and Retail Trade

Other Services ...

Producer of Government Services

Agriculture

Construction

government participation in the equity of a number of banks prompts a more subtle analysis of what "indigenization" means when the state rather than the private citizen is the principal beneficiary

2,176

of that process. Another point that has been raised relates to the role of the indigenous banks, the banks that are completely Nigerian owned. At the time of the Nigerianization process the government actually equity in the expaniate banks while only offering loans to the in-digenous banks. This again was a blow to the confidence of those who wished to see indigenous

2,960

18,730

3,197

6,653

banking develop. But above all, comercial banks have to be developers. It is significant that the latest central bank credit guidelines call on the commercial banks not to ignore their obligation to lend to "development-oriented finance institu-

#### Commercial Banks

For all that development banks have existed for agriculture and industry, and though the capital and

money market is now beginning to develop, it is the commercial banks on which the onus for development finance rests. This has led to calls by some bankers that Nigerian banking should adopt continential European banking methods insofar as acquiring equities in industrial enterprises is concerned.

Sector

Manufacturing ...

Communication ...

Livestock, Forestry and Fishing

Mining and Quarrying ...

Wholesale and Retail Trade

Other Services .. . . .

TOTAL

Producer of Government Services

Agriculture

Construction

Transport

Housing ...

Where the capital market is limited, as it is in Europe, the banks have developed, and have been given, the legal opportunity to de-velop a greater understanding and relationship with industry and its

The problem is highlighted by the fact that while the commercia banks are short-term lenders, basing their activities on short-term deposits, the expectations of the Fourth Development Plan, such as it is outlined at present, require at least medium-term lending of Nigerian commercial banks.

100.0

Gross Domestic Product by Percentage Distribution

1981

6.8 4.6 0.2 17.6

100,0

1980

The majority of bankers proclaim their reluctance to indulge in such lending. There are one or two exceptions, though, who suggest that in any case most lending is at

posit for lending and the apparently low lending rates might give the mpression of squeezing the banks. And what would happen if there is a run on the bank?, some ask in a perfectly respectable tone. Others have suggested that a closer exami-nation of the rate of deposit withdrawals and of on-lending might well reveal that commercial banks are, or could well become medium-term lenders in an economy that needs just this sort of finance

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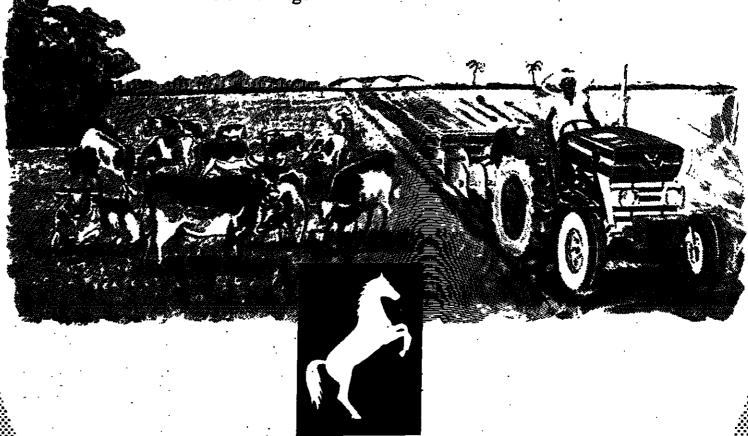
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#### A Black U.S. Company Succeeds in Nigeria

By Leon Dash

T AGOS (WP) - George E. Johnson, dressed conservatively in jacket and tie, startled his Nigerian employees by stepping up to the bright new assembly line and snatching up several jars of one of his shampoo products.

"The tops of these jars must be ught so the product doesn't dry cut," Mr. Johnson told them.

On Nigeria's highly competitive consumer market, it does not pay to get an early reputation for faulty products. And Johnson Products Co., the fourth-larget black-owned company in the United States, has joined Nigeria's oilfueled gold rush with a joint ven-ture, \$4-million factory in the Ikeja suburb of Lagos.

In accordance with Nigerian joint venture laws, 60 percent of the investors and shareholders of the new, Lagos-based factory are Nigerians, while Johnson owns 40

The new company, Johnson Products of Nigeria, represents a response to the Nigerian government's open invitation to American investors, the growing invest-ment interest in black Africa's tential which exist bere are improfit potential in a consumer market estimated to comprise be-tween 90 and 100 million persons. The nigerian population is four nomic racism which persits in

Chicagoan Builds Factory in Lagos, Sees Vast Potential for Expansion

turer said he begin in 1977 to ex-port "in a big way" some of the large economic pie. It is to Africa company's 45 hair, cosmetic and we turn to broaden our horizons." port "in a big way" some of the company's 45 hair, cosmetic and titlet products to Nigeria.

Then the Nigerian government restricted imports of cosmetics and Johnson shifted into high gear in early 1978 to open a factory here. The factory finally began production last summer with a staff of 35 began and the staff of 35 began production and the staff of 35 began black Americans and Nigerians.

Mr. Johnson and his wife, Joan, were in Lagos last October for the manguration of the hangar-like factory, a media advertising blitz, interviews with Nigerian reporters and dinners and cocktail parties with Nigerian government officials and the Nigerian board chairman. Opral Benson.

largest oil exporting nation and the mense,"Mr. Johnson said at and emotional dinner then in which

times the size of Johnson's tradi- (American) society prevents Johntional market among black Ameri- son Products and other black companies as well from marketing and After cautiously testing the mar-ket here in the early 1970s, the 53-year-old Chicago-based manufac-"We must be content with what

> But getting established in Nigeria is a long and difficult process, Mr. Johnson and the new factory's American managing director, Mar-ilyn J. Cason, acknowledged. In mid-1979, American businessmen on a trade mission to Lagos com-plained to Nigerian officials about a confusion of laws governing foreign investment here, the country's slow-moving bureaucracy and per-

vasive corruption they encounter when trying to become established. 'A Long Process "It's been a long process." Ms.

Cason said about the two-year effort. "It's hard to say that it was smooth, and Nigeria is an expen-sive country in which to do busi-

Lagos is among the world's most expensive cities. Apartment and house rents run from \$50,000 to \$80,000 a year with landlords de-

manding full payment of rents three to five years in advance. Fueled by a tripling of oil revenues in the past two years, annual infla-tion is running at more than 20

Mr. Johnson said he has spent "at least \$200,000" in the past two years to fly company personnel be-tween Nigeria and the United States and keep company repre-sentatives in Lagos to start the fac-

"It certainly takes a lot of trips of a lot of people to get where we are today," he said. "But this mar-ket is sufficiently viable and attractive that it's worth the effort. ...Johnson Products Nigeria have potential of exceeding the size

of Johnson Products in the States." Asked if smaller American minority-owned firms could realistically afford the starting costs of investing in Nigeria, Mr. Johnson ar-gued that it was possible. Nigerian President Shehu Sha-

gari during his trip to the United States earlier this month, "invited black Americans to invest here in the areas of manufacturing, technology, and technology transfer and agriculture," Mr. Johnson said. "Given that attitude, I think it is possible for any who want to

If they come prepared to make a full-time commitment and to learn another culture, Mr. Johnson added, "the welcome mat is out."

						•								
				980		981	198	2	198	3	29		19	<b>5</b>
In-		<del></del>	Value in Win	Per coa	Faint in 17 m	Per cest	Value F	Per cent	Volue in N =	Per com	Value as Nove	Pri cut	Value An Mari	Per cost
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TOTAL	٠.		13,524	100.0	15,196	100.9	17,076	100.0	19,092	100.0	21,120	100.0	25,780	160.0
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Imports by End Use at Current Prices

. Israe		1966 Value in Na	Per cost	981 Value in Na	i'er omt	982 Veine in Na	Per cent	Palar in Na	Per cost	1984 Palas in Nis		1985 John or Nor	Per cent
Oil Exports	-· -·	13, <del>9</del> 39 701	98.8	14,877 795	90.3 4.8	704	5.1	16,867 1,027	5.4	17,912 1,167	5.7		87.6
3. Merchandise Exports 1. Non-factor Services	••	14, <del>649</del> 713	95.4 4.6	15,672 811	95.1 4.9	16,758 921		17,894	94.5 5.5			1,352	93.7 6.1
Total		15,353	100,8	16,483	100.6	17,679	100.0	18,941	100,0	29,268	100.0	21,658	100.0

#### Challenge for Government: Price of Rice Keeps Rising

L AGOS (WP) — An enduring problem in Lagos, where combative traders thrive on was sufficient to supplement local production.

"We don't have the statistics to freewheeling capitalism, is an astromomical leap in the price of

Any West African government is playing with fire if it fails to ensure that rice, a major staple of urban populations, if available at reasonable prices. Skyrocketing rice prices have sparked some bitter urban riots in the region and indirectly set into motion events that brought down the government of William Tolbert in Liberia earlier this year.

With roughly one-fourth of Nigeria's inhabitants living in cities, the increase in rice prices here since last summer has created what one foriegn observer described as "an explosive situation, when you consider that most people in Lagos barely earned enough to live on before prices began to climb."

The main question is why a 110pound hag of imported rice, which arrived at the port of Lagos at the wholesale price of \$52, is retailed in the city at \$180. The price in

other Nigerian cities in the interior is reportidly even higher. Opposition politicians have charged political favoritism on the part of President Shehu Shagari's administration the distribution of lucrative rice import licences. Government officials have countercharged that their political enemies have bought up huge quantities of domestic rice to precipitate a political crisis

#### Financial Interests

So far it has been revealed that several prominent politicians have suddenly acquired a financial in-

terest in the rice trade.

Like many African countries,
Nigeria does not produce enough food to feed its exploding population and must rely heavily on food imports that total more than \$1 billion annually.

As part of the government's ambition agricultural development program, certain food items have been put on restricted import lists with the intention of reducing their importation gradually until Nigerian farmers produce enough to end imports altogether. The importa-tion of rice was limited to 200,000 tons earlier this year without spe-

know actually how much rice is needed," said presidential advisor Emmanuel Edozien in an interview, "and the merchants have been engaged in massive hoarding of rice to force the price up.

Mr. Edozien conceded that the rice imports were poorly coordinated and that "the importation licenses were not evenly spread to ensure an even spread of distribu-

Transportation minister Umaru Dikko, who was appointed head of a task force investigating the rice scandal, is one of President Shagari's closest advisers. In an interview, Mr. Dikko denied charges that only heavy contributors to the president's National Party of Nigeria received rice import licenses.

The licenses were not given ex-clusively to (National Party) members or its supporters, Mr. Dikko

He said his position as head of the task force investigating the sitnation did not allow him to give a specific breakdown of received licenses along political

party lines.

Mr. Dikko volunteered that he has specific information outlining how the political enemies of President Shagari's administration, whom he also declined to name, had "bought every grain of domes-tic rice and hoarded it in an effort to spark domestic unrest. On top of that, Mr. Dikko added, the hoarding by traders has exacerbat-

ed the problem.

On a list released by the Commerce Ministry, the leader of the Senate and a member of the National Party, Olusa Sarake, was included as the head of a live stock company that got a rice import li-cense. Sen. Saraki, however, said he was no longer connected with

the company.

National Party deputy leader of the House, Olushola Afolabi, however, was unapologetic about his floor tile company receiving one of the highly sought licenses

"Do you think because I am in the House of representatives I should stop doing business?" Mr. Afolabi asked reporters who questioned him. "I have been in business a long time."

**Growing Economic Giant** 

Sets Sights on the Future (Continued from Page 7S)

simistic about the ability of the oil

price to go even higher. Concern for Caution

Indeed, Nigeria's concern for caution in handling its oil is apparent at every turn. In a unique bid to ensure political reliability and economic dependability in its customers, it has a total of 52 purchasers, an unusually high number for an exporter of its size.

In the past, Nigeria has suffered when its customers have unilaterally reneged on their committments to uplift contracted crude, as was the case in August, when Poland and Yugoslavia, among others, let

Then, Nigeria was rescued only by the fortuitous outbreak of the Gulf War, which by removing all Iranian and Iraqi crude from the oil market, converted a glut into an overnight shortage, sent the Rot-terdam spot price rocketing, and brought Nigeria's absent purchasers back home.

But since this last experience, and as the Gulf oil begins slowly to flow again, from what can be discerned, even greater care and consideration have been given by the Nigerian National Petrolium Corp. to ensuring that foreseeable

and avoidable slips do not sabo tage development prospects again.

The doubts that do, however, exist, are all about the development plan's implementation. In Nigeria, performance is the actual slip. Even the truncated 1980 budget failed to be spent by a large amount. As a leading company chairman put it, "Promises are easy — politicians love them — but putting them into effect is tortuous and slow and that's where the rub comes in." The fears, therefore, over the five-year devel-opment plan are enormous.

Yet, in the spirit of the oil-fired emphoria and enthusiasm that still prevails in Lagos as the country eagerly awaits the outpouring of economic riches from this cornucopia of development designs, if all does go well, it is not just Nigeria or Nigerians who stand to gain, but also and initially most importantly, the European countries that export to it. For, paradoxically in the short term, although the aim is self-reliance, businessmen say that the plan will increase Nigeria's dependence on imports.

The total import bill, which has shown a marked increase since re-strictions were eased last year, will,

(Continued on Page 15S)

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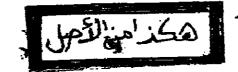
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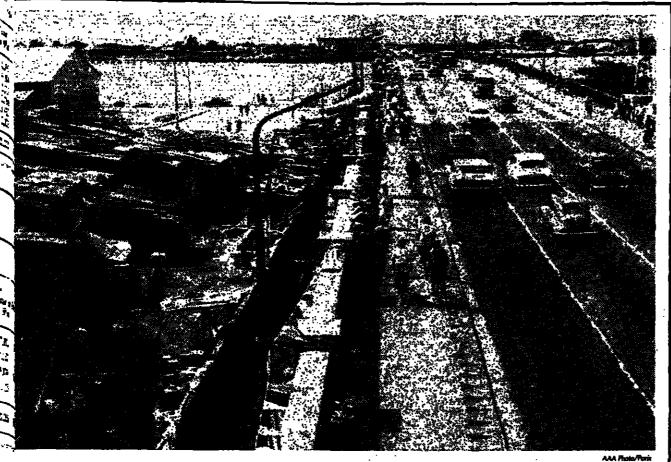
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MODERN — A network of modern highways is among the advantages of Lagos, the capital of Nigeria.

#### One Man's Share of the 'Green Revolution'

RIDO JUNCTION, Nigeria (NYT) — "Everyone talks about Nigeria's so-called 'green revolution,' "Yusuf Mahommed was saying here recently. "Well, I decided that I would not just talk but the competition between the same talks." but do something about it. So I'm a farmer now,"

Until three years ago Mr. Mohammed, 40, was one of the best-known architects and housing consultants in Nigeria. He grew plants as a hobby. Then, on an impulse, he started to grow crops as a

Now the Mohammed farm stretches over 1,000 acres of verdant land in Kaduna State, nearly 600 miles from Lagos. Mr. Mohammed is probably making more money than he ever did before, and he is no longer an archi-

He sells 20,000 eggs a day, produces corn and other grains, and soon will be breeding and selling broilers. The farm is almost completely mechanized, with its own power generator, and the 1,000acre farm of today is almost cer-tain to double in acreage by this time next year.

#### Wealth in Land

"Nigeria's wealth, its true wealth, is in its land," Mr. Mohammed, a sturdy man wearing spectacles, said, resting his elbows on a wooden fence beyond which Nigerian Architect's 'Plant Hobby' Leads to 1,000-Acre Kaduna Farm

were several ranch-style buildings that he designed himself. "We have to feed ourselves first — and we have the land and the manpower to become a major agricultural producer. I was accused of not being serious when I decided to get into farming. But I was very much serious, and I'm glad that I did it." Although Nigeria's current riches are the result of its oil reve-

nues a vast majority of the people are farmers. Until oil income started pouring in about a decade ago, agriculture was the country's big-gest earner of foreign exchange. It has declined rapidly since then.

The oil boom has sent village youths steadily drifting to the larger cities, drawn by visions of more

lucrative jobs there.
"It's really frustrating," said Mr.
Mohammed. "All this land but barely a third of it under active cultivation. We simply have to move into an era of modern agricultural economics.

Mr. Mohammed pointed out ruefully that agriculture in Nigeria has also suffered from the fact that

the average farm is no bigger than two or three acres, making it difficult for large-scale mechanized farming. Agriculture has also suffered from governmental melficiency and mismanagement. Mr. Mohammed said that it took him nearly a year to obtain official approval to buy his land and nearly

as long to obtain a long-term, low-interest loan of \$900,000. "But I decided to forge ahead." he said, in an accent that reflected his British education. "After all, I had already spent nearly \$1 mil-lion in initial investment."

That investment involved buy-ing thickly forested land here from several local chiefs. Rido Junction is about 12 miles from the city of Kaduna and the land is carpeted with mango trees and tall grass. This is bush country, made green and lush from the rain that falls

gently much of the year. Mr. Mohammed enlisted a friend, Bashir Mohammed, who at the time was in public relations, as farm manager. Like Mr. med, Bashir Mohammed is tall, friendly and eager to discuss how the farm has succeeded.

"It's useless talking about Niger-ia's green revolution unless the government specifically is more encouraging," Mr. Mohammed said. "The need now is to set up more cooperatives, training pro-grams in villages, and incentive for more people to get into agricul-ture. That, I think, is the only way we can stop this rapid flow of people to the already overcrowded cit-"It's a matter of persistence," he

said, pointing to the heated sheds housing young chickens, the feed-

ing areas, the pens where turkeys

are being experimentally bred.

"Yusuf became a farmer because he was fed up with leading the conventional life and I became

a farmer because that was what I

would have done later on in life anyway, after retirement. The farm, which now employs

35 workers, was started in this

area, he explained, because land was still cheap, at least in compari-

son with the south of the country.

Yusuf Mohammed, whose wife teaches political science at Kaduna

State Polytechnic, feels that the government should establish some

sort of program under which it would buy land and then resell it to small farmers such as himself.

Last year, the government was re ported to have spend about \$17 million on a land clearance pro-

gram, but little information is

available on whether the land was

subsequently sold to farmers.

## OGIES FOR

## VG THE on Members Demand ortion of New Wealth

(NYT) - Abdul Kariamu is indignant. Each dles the symbols of afwided by Nigeria's oil

of the new wealth or habits it brought to s of the country's popsuch as daily cham-king — has trickled n and his fellow dock-

years of unloading the of freighters, the 39-. Akamo said he thinks ne value of an average d says the \$10 a day before April, 1980 at lunch or rest break"

mo and 26,000 other i closed all seven of Nis because private con-l not paid them a goviered 56 percent wage

ig kept on a short leash s of military govern-Akamo and the more ion unionized workers ave grown increasingly h the year-old civilian in demanding a larger

by oil-fueled inflation id 1970s, cramped into substandard housing ed by the doubling of public transportation last summer, angry ur-s and a budget-con-tian government are on course that could have l its financially weaker

#### est Trade Union

labor has formed the mal trade union move-African continent. As restiveness could spill acent countries among appy, poorly paid in-i civil service employ-

ng energy bills leaving an national budgets in a world recession slow-dready slow industrial doubtful if more than an countries could abock of long strikes and lemands from the type tion member that Mr.

Led by the Socialist-leaning Nigerian Labor Congress president, Hassan Sunmonu, Nigerian unions are demanding that a workers' monthly minimum salary be increased to \$564, three times the minimum of \$180 set by Nigerian

> President Shagari and his advisers argue that the country's growing wealth, 90 percent of which comes from oil, is already too thinly spread among ambitious agri-cultural and industrial development projects, education and health programs. Nigeria has the largest population in Africa, and 25 percent are city workers

President Shehn Shagari in April,

Meeting union leaders' mands, several of President Shagari's advisers said, would push in-flation back up to its one-time annual high of 30 percent and bring major, but capital-short govern-ment projects crashing down like houses of cards if money allocated for them had to be shifted to sala-

overall inflation is running at 9 percent but some experts said it is closer to 20 percent. Even so, union leaders said. Nigeria's oil revenues have more than doubled in the past two years — to \$25 billion for 1980 — and more of that should be finding its way into workers' pockets.

#### Wildcat Strikes

Beginning last spring, wildcar strikes have hit private industry public transportation and federal and state civil service agencies over pay grievances. Federal officials accused union leaders of trying to undermine the government. The union leadership itself, although united on pay and working condi-tions, is split into pro-Soviet and pro-Western blocs, according to well-informed Nigerian trade un-

Mr. Akamo said he will suppor mion leaders who get him a pay raise. Out of his monthly base sal-ary of \$320, Akamo said he pays \$112 to rent two rooms in Lagos' Orosuki slums and \$68 in transport. The remaining \$140 is never enough to feed and clothe his wives, children and himself.

"I don't eat the good food," Mr. Akamo added. "Good food is left for my children."

Since last summer the price of his family's staple food, rice, has

#### wing Economic Giant Sights on the Future in both the private and public sec

id India, which all play export roles, this is welunitaneously, as Nies its investment ity in joint ventures, so ge more outside inlevel and percentage

ce Nigeria's dependexpatriate work force. Shagari said, "We to require the sergn experts in the foreespecially in the sciechnological occupa-

the shortage is most

already large British, est German, Japanese

tors. There are, in addition, several an period, grow from hundred thousand immigrant workers from the neighboring West African countries attracted by the big town boom and the tin-sel and glitter. The plan's demand all Nigerian imports, ers will largely have to be met by ers will largely have to be met by yet more influxes from abroad.

#### Will Develop

In the next five years, therefore, Nigeria's importance as a magnet for exports to Africa, and her prominence as the leader of black Africa, will develop dramatically.

This will at last furnish the

heady and exuberant rhetoric of her leaders with the hard basis of fact it is so far somewhat weak in. For it will, if even half of what isplanned is actually achieved, convert potential to reality, and boost Africa internationally out of the stagnation and depression it is to-

day caught within.

And then, the Nigerian oil giant, with a horizon of perhaps 20 years, production, will have finally emerged as the industrial power of the continent with a plausibly imthe continent with a plausibly unrestricted life span.



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#### Central Bank: A 21-Year Record of Progres

AGOS - The Central Bank of tween tradition and development in its 21-year history. It has strug-gled through many of the prob-lems that older central banks have encountered and has struck out on new paths, as might be expected of a crucial institution in a major developing economy.

tion devoted solely to the tradi-tional aims of central banking issuing legal tender, advising the government, promoting monetary stability and maintaining external reserves — to an institution probeen gradual and has brought with it a mimber of challen

On the one hand the Central Bank of Nigeria emoys powers scarcely matched in the world by a smilar institution. On the other hand, the widespread description of the hank as a "passive tool of government policy" indicates significant erosion of its autonomy. With the arrival of the civilian administration such a view is only

partly true. The array of instruments which the bank disposes to impose poli-cies on the financial system is imsive. In its early history, the bank's principal concern was to es-tablish the independence of the national currency, which would be stable. The naira as the major unit and the kobo as the minor unit heralded the departure of the pounds shilling and pence system and the advent of a decimalized national currency. In 1967 Nigeria refused to devalue along with sterling. In 1973 the naira was devalued "to prevent the country's import bill from rising to unuanageable proportions," according to

Perhaps the more visible aspect of the Central Bank's role is its attempt to render the economy into the hands of Nigerians. There have been many different methods ranging from use of the money and capital markets to the abritrary annual control of monetary policy through the issue of annual credit guidelines allocating sectoral pro-portions to commercial banks for

The promotion of the indigenous money market has included the issue of Treasury Bills in 1960 and Treasury Certificates in 1968. The market, although still imited, has since been refined to include certificates of deposit to facilitate of commercial

The transition from an an institution devoted solely to the traditional aims of central banking to one promoting economic development has brought with it a number of challenges.'

chant banks, as well a Bankers' tive directives to encourage Unit Fund and Eligible Develop-

The Bank also has had a substantial role to play in the develop-ment of the capital market. It par-ticipated in the establishment of the Nigerian Stock Exchange and the implementation of the Nigerian Emerpaises Promotions Decree.
By excluding from credit ceilings loans granted by commercial banks to individuals for the purpose of buying shares and business in the Stock Exchange, the Bank has played its part. Furthermore, the track merks deleted to a very the stock market deals to a very large extent in government securities which are issued and managed by the CBN.

The progress of several of the most important financial ins tions of Nigeria has also depended on the participation of the CBN. The Nigerian Industrial Development Bank, the Nigerian Bank for Commerce and Industry, the Nierian Agricultural and Cooperative Bank and the Federal Mostgage Bank have all been benefici-

An even more impressive contribution was the setting up of the Agricultural Credit Gurantee Fond (see article on agricultural fmance). This scheme is intended to guarantee commercial and mermt banks agnicultural credit up to 75 per cent.

The scheme has acquired particular importance in light of the gov-emanent's desire to orient the economy toward increased agricultural output. The CBN's monetary policies have enabled it to act as the government's instrument in implementing these policies. . Credit guidelines help keep the private sector in check. They offer qualita-

types of investment. At least 8 per-cent of annual investment has to be allocated to agriculture. Housing is also favored. The CBN also has the right to exact penalties for

failure to comply.

Another recent CBN effort to shake the private banking system out of its seeming complacency was the introduction of the Rural Banking Scheme, now in its second phase. By the end of 1983, Nigerian commercial banks have to open 260 branches in locations decided upon by the Central Bank.

If as a private hanker one examines these instruments wielded by: the CBN they appear foremidable, and indeed they are. However, at the heart of the Central Banking principle is the issue of the independence of the Central Bank from the potential political pressures of government. The story of the CBN has been one of a steady erosion of its autonomy during 13 years years of military regin which would require very dramatic steps to restore that autonomy now, though there is evidence in the new constitution that through the National Romomic Council presided over by the vice-president, there will be opportunity for regular consultation between the principle monetary authorities. Part of the problem in Nigeria arose in 1968 with the Central

Bank of Nigeria (Amendment) Act which directed the Board of Directors of the CBN to keep the Commissioner for Finance informed of the monetary and banking policy pursoed by the Bank.

The Decree also gave the Com-missioner (the equivalent of Minister) the power to present his own CBN before the then Federal Ex-

ecutive Council. In effect, meant that as the CBN could be interest at the council meet

nade with sufficient vigor. The Financial System Re se which reported a ommended an "amendmes strengthen the process whereb Central Bank's proposals monetary and Banking p reach the Federal Executive C cil." The recomme

published by the government in 1970 a further assembles the Central Bank of Nigeria required that any project N1000,000 — this was biter to the Federal Executive Co for approval before any con swant was made. The Bank as ouned to seek the approval of ioner for Finance by it opened branches or appoi correspondents or agents. The the Art required all CEN sal to be placed on the public se

ernment intervention, the particular of the Central Bank Vincent, had this to say short fore the handover to civilian at the end of 1979: "Certain is 1970 have eroded the autonom the Central Bank. In spite of t constraints, the Bank has succ fully, in cooperation with Gov ment, steered the econe through years of varying mone also said in that same speech he expected the new civilian ministration to repeal the offi ing acts. His request has b largely answered by the access the monetary authorities have

But legislation alone neve and never will entirely shape tions between the Bank and government. Much depends on personalities of the authorities volved and the respect in with they hold each other. In a deve ing economy it is also difficult think of a Central Bank comp ly independent of the government in fact, with an economy of size diversity and dynamical Nigona's it would seem that a in compliance to the priorities

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## Page 17 Wessers Bank Slates Bonus Issue

JRG, West Germany - Mannesmann Demag said Tuesday ontinuing work on a plant for continuous pipe production at ioshan steel complex.

ist month asked a SMS Schloemann-Siemag-led consortium to the Baoshan steel mill order, valued at 1.3 billion Deutsche unnesmann Demag said Chinese officials had given assurances in-million-DM contract will be upheld according to agreed it on the order is continuing in West Germany and China, the

uile. Zimmer, a West German subsidiary of Davy Internationtiere is a possibility that China will withdraw its request to :00-million-DM polyester plant order. A company spokesman work on the order has progressed so far that the Chinese may

#### in Air Picks Upgraded Rolls Engines

From Agency Dispatche - Eastern Airlines says it had selected upgraded Rolls-Royce

its 27 Boeing 757 jets on order.

picked the Rolls-Royce RB211-535E4 for the new jets, upfrom the Rolls-Royce RB211-535C engines it had selected the carrier said Monday it decided on the upgraded engines their fuel efficiency.

their rues emiciency. on, was a major boost for the new engine's long-term pros-

#### ishi to Boost Output for Chrysler Reviers — Mitsubishi Motor, citing rising demand, said 7

Mitsubishi Motor, citing rising demand, said Tuesday it ease production of small cars and trucks for marketing in the

tes by Chrysler.

shi, 15-percent-owned by Chrysler, said U.S. sales of its vehi-22,300 in February from 10,500 in January following a sales.
The company said it plans to increase production for U.S. 

sells Mitsubishi vehicles through its own sales network in the : Chrysler trade names.

#### Purchases 6% Stake in B.F. Goodrich The Associated Press

:1. Ohio - Gulf & Western Industries has purchased 5.96 perightly more than 1 million common shares, of B.F. Goodrich he New York-based conglomerate says it does not plans a ttempt, Goodrich said Tuesday.

: ron-based tire and rubber company said Gulf & Western Charles Bluhdorn told Goodrich Chairman John Ong by tele-: Gulf & Western was interested in the stock only as an investthat its percentage of stock ownership would not rise above 9.9

#### in Plans to Boost Stake in Scott Paper

NGTON — Brascan Ltd. said in a filing with the Securities inge Commission Tuesday that it intends to increase to 20

ange Commission Thesday that it intends to it stake in Scott Paper Co.

said it now owns 4.5 million shares, or 11.6 percent of Scott's common.

Last week, Scott said Brascan had told the coro acquire at least 15 percent of Scott's common. said it now owns 4.5 million shares, or 11.6 percent, of Scott's Last week, Scott said Brascan had told the company that it

#### F. Saudis Near Accord on Big Loans are maintained. The ministry

#### Hobart Rowen

netary Fund is near an with Sandi Arabia 418-the wealthy oil exportwill lend the IMF over year for the next two the possibility of ex-deal for a third year. ange the Sandis are doubling of their voting

the IMF which would the sixth-highest rank in ember lending agency, United States, Great est Germany, France ney that the Saudis

nd — technically, the of 3 billion to 4 billion ing rights (SDRs) each - probably would be d by an additional 1 Rs from Kuwait and the b Emirates. That would total of between 4 billion on SDRs, or about \$6 r, which the IMF deseds for lending to hard-

moment, the IMF has to it usable hard currening to only about 20 Rs. Thus, an infusion of billion SDRs this year est the total by 25 per-Arab nation's contributhey become available would replace the so-inteveen facility," which at to run out in a few become available Witteveen facility, r former managing di-channes Witteveen, was 10-billion fund collected cedy countries surmount f-payments difficulties.

wsped for a Year

REP. 3

Mit:

HEE

al with the Arabs, which raging Director Jacques re has been pursuing for r a year, presumably ratified by the IMF's Inmnittee at its May meet-

reville, Gabon. ing to well-informed are Saudis feel that if they ater voting power in the ugh enlarging their quota , their deposits — in the hey will be able to fight cuvely to gain the Pales-ration Organization ob-

tled to its own seat on the board of executive directors because it is one of the largest lenders to the organization. But according to IMF officials, the Arab nation feels "it will have a better leg to stand on in the internal debates" if it became, in effect, one of the "Big Six" powers ranked according to quotas in

For the last two years, the PLO has sought observer status at the annual joint meeting of the IMF and World Bank and has been rebuffed by the existing power struc-ture of the two organizations, especially by the United States. At the 1980 annual meetings in Washington, the PLO was kept out, after a bitter fight, only by climinating all observers from the sessions.

The Reagan administration,

#### **IMF** Sets Loan Of \$997 Million For Morocco

WASHINGTON — The Interna-tional Monetary Fund said Mon-day it agreed to lend Morocco \$997.8 million to help the govern-ment with its economic reforms.

The IMF agreement, which runs until October, 1983, is aimed at helping Morocco improve its gross domestic product growth, limiting inflation and reducing current-ac-count and budget deficits.

An IMF statement said that to schieve these ends the government intended emphasizing productive projects and energy development and reforming nationalized enterprises and the tax system. It also intended to liberalize its trade and

The IMF said reform steps already taken by Morocco last year had caused gross domestic product to rise significantly and the current-account deficit had narrowed. However, last year's balance of payments was affected by a substantial decline in the volume of phosphate exports, the IMF said.

#### **CURRENCY RATES**

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#### Bonus Issue. **Rights Offer**

Hongkong-Shanghai Sets Interim Payout

LONDON — Hongkong & Shanghai Banking Corp. announced Tuesday a 3-for-20 rights issue and a 1-for-4 bonus issue. It also declared a special interim dividend of 47 Hong Kong cents (about 9 U.S. cents) per share in licu of a final payout.

The bank reported after-tax profit of 1.43 billion Hong Kong

The rights issue will raise about 2 billion Hong Kong dollars, the bank said. It said that although the bank is in a strong financial position, the directors want to ensure a proper balance between assets and the capital base. Group assets continue to increase rapidly, it added.

The bank said the 1980 special interim dividend is the same as the final that would have been declared in the absence of a rights issue, and is being distributed in this form before the close of the rights issue to assist shareholders who wish to take up their rights.

The special interim dividend plus the interim dividend of 18 Hong Kong cents will make a total payout of 65 Hong Kong cents, the bank said.

Of the rights subscription price of 12 Hong Kong dollars per share, 6 Hong Kong dollars will be payable on acceptance, no later than May 5, and the balance on

Each partly paid rights share will carry voting and dividend rights in proportion to the amount paid up. Thus, the shares will participate in the October 1981 interim dividend on a 50-percent basis,

ministration official said in an in-

PLO admission and is prepared to

say to the two organizations: "We

have no opposition to the PLO so

you must be prepared to admit

every terrorist organization in the

ministration officials recognize

that the Saudis are playing "a role of moderation in the Middle East"

and are unlikely to oppose an IMF-Saudi deal in which the quid

pro quo for a big Saudi loan is an

enhanced role for the Saudis in the

But there remain many details

to be worked out. The Saudis,

whose quota presently amounts to 1.74 percent of the total (providing

1.69 percent of the weighted votes, would like to have 3.5 percent

That creates something of a sensi-

tive issue, because it would slide

the Saudis in the power structure

just ahead of Canada (3.4 percent)

and Italy (3.1 percent). Moreover,

the extra voting power assigned the Saudis would require fractional

downward adjustments for every-one else in the IMF.

gious rankings. A Saudi quota just

over 3 percent — if they would ac-

behind Canada and Italy and just

ahead of China, which has 3.02

--- would rank them eighth

U.S. officials have not taken a

Nonetheless, other Reagan ad-

long as you don't discriminate .

After payment of the remaining 6 Hong Kong dollars per share, the rights shares will participate fully in the final 1981 dividend. The start in the coming fiscal year for loans supplied in fiscal 1978, when Japanese banks' participation in rights shares will not count toward syndicated loans began to increase the bonus issue, nor will they be sharply, they said. eligible for the special interim divi-

Repayment of syndicated loans before maturity is also likely to continue at a high level if current low spreads for syndicated loans

server status for IMF annual meetings.

The ministry supplied a framework of \$3 billion for first half of
fiscal 1980 and \$4 billion for the administration, is dedicated to second half on a commitment ba-World Bank activities. A high ad-10 percent of international syndiion, the sources said. terview that lie is adamant against

Actual international syndication, however, totaled more than \$80 billion in the year, so the Japanese bank share will be under 10 percent, they said. Moreover, repayment of some loans before maturity, reflecting a sharp decline in spreads, totaled an estimated \$600 million, they said.

The Finance Mininstry is expected to maintain the present guidelines restricting Japanese banks participation in individual dollar syndicated loans to no more than 20 percent of the total loan amount except when a Japanese bank becomes agent for a loan. In Japanese banks will be allowed up to a 50 percent participation. However, all of this still remains

#### U.K. Producer Prices Up

LONDON - U.K. wholesale prices rose 1 percent in February ifter a 1.5 percent gain in January, the Industry Department said Tuesday. Compared with a year ago, wholesale price annual inflation fell for the eleventh successive month to 10% percent in February.

#### **UAW Reaffiliation**

specific position yet on the Saudi quota but probably would be sym-pathetic to Canadian and Italian efforts to maintain their presti-Reuers
DETROIT — The United Auto Workers' international executive board voted unanimously Tuesday nd reaffilation with the AFL-CIO, President Douglas

#### Japanese Business Pressing Stimulus Plan

But the strong recovery predicted last fall has not come about. There has been a slump

#### By William Chapman

Washington Post Service

TOKYO — The Japanese government, strongly prodded by businessmen, is expected to approve soon a program to stimulate to approve soon a program to stimulate an economy that has proved to be a good deal more sluggish than expected this year.

A bad start for 1981, especially for small and medium-sized businesses, has left the business community gloomy and eager for a shot in the arm, but the government package is expected to be a modest one, probably falling short of expectations.

The sluggishness has begun to worry the usually buoyant economic planners, although they agree they are not faced with the serious, long-term economic malaise they see in the United States and some Western En-

ropean countries.
"It is not as serious as in the Western countries, but for Japan it is serious," said Isamu Miyazaki, vice minister of the eco-Isamu Miyazaki, vice minister of the economic planning agency. If some stimulation is not applied, he said, economic growth this year might fall to between 3 and 4 percent, considerably below the official target of 5.3 percent established for the fiscal year begin-

For most other countries, the Japanese economy would be a model for envy. It survived the last round of oil price increases with minimal damage and has largely over-come the big fear of large-scale inflation. Af-ter April, Mr. Miyazaki said, the annual inflation rate for consumer goods will slow to about 5 percent.

TOKYO -- The Finance Minis-

try is expected to allow Japanese

banks to increase their participa-

tion in internationally syndicated

Euromarket transactions, banking

The banks will be permitted to raise their share of dollar-syndicat-

ed loans to 13 percent from 10 per-

cent of total international syndica-

tions from April to September, the first half of the 1981 fiscal year,

This is because repayment will

sources said Tuesday.

the sources reported.

in personal consumption and a deterioration in the housing industry. New investment by small and medium-sized industries has fallen off and inventories are considerably higher than they had been projected at this point. The business community, which is tradi-

tionally less sanguine than government plan-ners, has been emphasizing those problems in research studies and press conferences to back up its demand for action.

Several banks and research organizations Several banks and research organizations are predicting continued bad times. The Mitsubishi Research Institute has projected a growth rate of only 4.5 percent in the coming fiscal year. Monday, the influential Federation of Economic Organizations warned of a slump in corporate earnings and asserted that the downturn is going to continue for some time.

Japan's normal reaction in a sluggish period is to chum up its export industries for a bigger assault on foreign markets. The planners say that is not the case this time. In an interview, Mr. Miyazaki said there is not much hope for bigger exports to Western markets this year, citing the slow growth rates being predicted in the United States and Europe.

Another reason, he said, is that many of those countries are already running big trade deficits and more Japanese exports would only cause new frictions. "We cannot rely on external demand," Mr. Miyazaki said.

subject to Finanance Ministry loans, usually for long periods of scrutiny and its approval for participation will still be needed, they

expand the framework for Japa- position permits, the ministry will

nese banks supply of yen-denomi-nated syndicated loans to overseas rowers, currently limited to inter-

The framework for the six suppliers of energy and resources, months ending this month was 200 to include foreign governments billion yen (about \$968 million), and government-related bodies, but demand for yen-syndicated they said.

**Payments Deficit Narrows** 

In W. Germany in January

The ministry is also expected to

From Agency Dispatches
FRANKFURT — West Germa-

ny had a balance-of-payments def-icit of 845 million Deutsche marks

in January after deficits of 3.82 billion DM in December and 3.88

billion DM in January, 1980, the

deficit of 4.989 billion DM, up

sharply from the December deficit of 675 million DM and 2,413 bil-

West Germany showed large net

capital imports in January for the

first time in several months. The

capital account had surplus of

4.130 billion DM, compared to a

revised December deficit of 474

million DM and a January, 1980,

deficit of 1.817 billion DM, the

The Bundesbank said that the

so-called "gentlemen's agreement"

ending to foreigners had, through

the first quarter of 1981, contribut-

ed to a positive balance on the

The long-term capital account an indicator of how well West Ger-

many is financing its current-ac-

count deficit, showed a surplus in

January of 1.806 billion DM,

down from 2.582 billion DM in

December. It compares with a deficit of 495 million in January,

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INVESTMENT COMPANY S.A.

Net Asset Value as of February 28, 1981 U.S. \$10.00

long-term capital account.

to stop West German banks from

central bank said.

lion DM in January last year.

Bundesbank said Tuesday.

borrowers, they said.

sources said

If Japan's balance-of-payments

national financial insitutions and

from 3.8 billion in December.

of 3.056 billion DM and the Janu-

ary, 1980, shortfall of 1.321 billion.

The private sector took up a net

5.4 billion DM in credits from for-

eign lenders, comprising a capital

import, compared to December's

net repayment of a similar

Bundesbank said West German

President Karl Carstens will attend

the next meeting of the Bundes-bank central council on March 19.

In response to an enquiry, the spokesman said the president will

have talks about current topics in

monetary policy.

The last visit of a West German

President to the Bundesbank was

In another announcement, the

There appears to be one exception. The government is reported to be preparing a major change in export assistance to boost sales abroad of industrial plants, which have not been moving well. The reports say the government will offer more appealing export-import loans and long-term, low-interest loans from the Overseas Economic Cooperation Fund

The stimulative package reported so far in Japanese newspapers is modest. The main part calls for a new reduction in the discount rate and a reduction in reserve deposit rates. But even that is in doubt.

The Bank of Japan sets bank rates, and the government's economic planners have lit-tle control over that institution. They can only plead for a credit loosening. "We can explain that the economic situation is weak and that we need to reduce interest rates to stimulate domestic demand," Mr. Miyazaki

The government's major economic emphasis this year is on reducing dependence on national bonds, which precludes any major new public works programs to provide added stimulation. The planners' alternative is to pack as much as possible of the public works authorized into the first half of the fiscal year - perhaps about 70 percent of the total and hope it provides an early stimulus.

The rest of the plan, which is expected to

go to the cabinet next Tuesday, calls for modest incentives for providing credit in the housing and capital investment sectors.

#### **NYSE Prices** Off on News Of Budget

NEW YORK - President Reagan's budget message to Con-gress unsettled an upward trend on the New York Stock Exchange Tuesday and prices fell in active trading, though late bargain-hunt-ing cushioned the fall.

Some analysts said Mr. Reagan's fimal budget figures raised new fears about the outlook for interest rates and inflation. But others said investors were looking for an excuse to sell into recent market gains. Before the budget news, prices rose as major banks cut their prime rates to 18 percent from 181/2 percent. The Dow Jones industrial aver-

age, up 7 points earlier, ended down 3.76 points to 972.66. Declines led advances 8 to 7 as volume expanded to 57 million shares from 46.2 million Monday. Monte Gordon of Dreyfus

Corp. said the budget calls for tax cuts heavily weighted to the indi-vidual at the expense of business. He said Wall Street would view that as Keynesian stimulation of consumption rather than stimulation of supply. Business would get a \$9.7 billion tax cut while individuals would get

\$44.2 billion in tax cuts. The bond market also pulled back on the news. Credit market analysts tied the weakness to the added \$14 billion in Treasury borrowing con-tained in the budget above previous estimates. But Joseph McAlinden of Argus

Research said "people are looking for an excuse to sell."

Among blue chips, General Mo-tors lost 11/4 to 511/4, Du Pont 11/4 to 49%, IBM % to 62% and Sears Roebuck 1% to 16%, all in active trading. U.S. Steel slipped % to 30%, Eastman Kodak % to 79% and Westinghouse 14 to 291/2.

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ened against major currencies for the third consecutive day as U.S. banks announced a new round of

The pound rose to \$2,2210, an increase of nearly 1 cent from Monday's \$2,2130. The rise came before announcement of Britam's spring tax budget, which cut the Bank of England's Minimun Lend-ing Rate, the bellwether for all lending in Britain, by 2 points, to

a cut in leading interest rates, dealers said a two-point cut in MLR had been largely discounted, while some operators had expected a

One London gold dealer said that because of the recent fall in the metal, any significant amount of routine buying could cause a sudden jump in the price.

dollars an ounce, several analysis predicted it would soon be testing what they called the psychological \$450 barrier.

bard facility open at unchanged 12 percent for transactions Wednes-

#### Japan Banks May Boost Euromart Role Gold Price **Jumps \$10**

From Agency Dispatches
LONDON — The price of gold, which was trading last week at its lowest level for 15 months, jumped by \$10 an ounce Tuesday. The metal closed at rose to

\$485.50-\$487 an ounce on European bullion markets compared with Monday's \$477, causing specula-tion that its falling curve might have bottomed out. The dollar, meanwhile weak-

cuts in the prime lending rate.

Foreign borrowing by the goverument accounted for most of January's long-term capital im-ports, but such credits declined in January to around 2 billion DM The short-term capital accounted posted a January surplus of 12.5 percent. 2.324 billion DM, compared to a revised, narrower December deficit

When gold last week fell to \$457

In Frankfurt, the Bundesbank said it would hold its special Lom-

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#### NYSE Nationwide Trading Closing Prices Mar. 10

18th TREE

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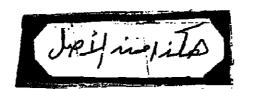
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#### S., Canada in Cable TV Battle

By Penny Pagano -IINGTON -- When Minbegan accepting bids in 19, from companies wantstall competing cable teleystems, no one expected e that erupted — an angry between U.S. and Canadi-

1 the year the city council down a decision that fa-S.-owned Northern Caoadcasting.

is merely heated up the suching off bitter new accusations of bribes ineventually reached the Supreme Court. Now ggle is before the state

heart of the dispute is the m of U.S. Cablesystems ch, despite its name, is nowned. Rankled by the 's Canadian connection, inpeting U.S. businesses dvertising space in news-pose this question:

time when the U.S. is no dependent on foreign , including Canadian oil, t we import services that companies can pro-

articular battle has gone if than most franchise out the issue of foreign-of the growing U.S. ket is generating heated sy within the industry. dful of large Canadian communications compa-idy hold the cable fransuch cities as Atlanta, iderdale, Fla., Syracuse, ne of the suburbs of De-Chicago, and sizable

officials in the U.S. cable estimate that Canadians ie franchises serving two of the 17.5 million U.S. oscribers, and that that e should at least double

recentages may be small he dollars. The cable ind revenues of \$1.8 billion ind those revenues are exskyrocket by 1990. ble companies are seeth-

talk about the 1934 cations Act and its proarring foreign ownership

ey do not forget that in er U.S. companies went da and its cable business,

20-percent limit on U.S. interests in Canadian cable and forced them to divest. At the time, eight of the largest cable companies in Canada

Because of fewer TV channels and the country's geography, the Canadian cable market developed earlier than the U.S. market, and is now 80 percent saturated.

Several years ago, Canadian cable companies entered the U.S. market, in many cases with greater expertise and local programming experience than most U.S. cable companies have. Another attraction for the Canadians: Monthly U.S. cable fees often are double

those in Canada Their U.S. critics complain that the Canadians watched while U.S. companies struggled through earlier organizing efforts. Now that lu-crative U.S. franchises are available, they say, the Canadian com-

petition is unfair.

"From the point of view of fairness and equity, it's like the Korean War and the Yalu River. The Canadians can sit up there with canadians can ait up there with their economic base and pick and choose where they want to go,"said John Malone, president of Tele-Communications Inc., the third largest U.S. cable company.

**Curbs Sought** 

Some U.S. cable operators say reciprocity or alien ownership re-strictions should be imposed. Others say the issue is one of international economics, and of Canadian profits made in the United States that go back in U.S. dollars to Canada. Still others argue that no foreign country — even a friendly ally like Canada — should be allowed to control part of increasingly vital telecommunications sys-tems in the United States.

tend that the opposition to them was manufactured by segments of the U.S. cable industry whose territory is threatened by their entry.

"The problem arises because Canadian companies have been Canadian companies have been relatively successful in gaining franchises — it really starts and finishes there," said Philip Lind, president of U.S. Cablesystems Inc. in Toronto, a part of Canadian Cablesystems, that country's largest cable operator. Mr. Lind said he did not expect Canada's stake in the U.S. cable market ever to surpass 5 percent. to surpass 5 percent.

Canadian Success

In U.S. cities, where Canadians have won franchises, the reponse to their operations is positive. "We've been outstandingly pleased," said Steve Galligan, an official in Fort Landerdale. The system installed by Selkirk

Canadian communications conglomerate, includes a separate channel that links all city, state

and federal buildings. Eugene E. Fitzgibbons, vice president of Selkirk, claims that most of the franchise battles in the United States will be over in two years. "I don't know what they [the Americans] are crying about," he said. "They are winning 99 per-cent of the franchises."



**Eurocurrency Interest Rates** 

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3 ML 16 7/16- 16 9/16 6 ML 164-164 1 Y. ISH-15%	13% - 13% 12 15/16-13 1/10 11% - 12	84 - 9	12% - 12% 12% - 12% 12% - 12%	12% - 12% 12% - 13% 13% - 13%

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Banks

Toronto Stocks

Closing Prices, March 9, 1981

Floating Rate Notes

Closing prices, March 10, 1981 **Non Banks** 

Paris Commodities 2,965 2,968 2,930 2,970 2,829 2,835 2,888 2,979 2,668 2,797 2,568 2,620 2,680 2,495 2,480 2,510 942 962 1,014 1,005 1,017 --1,062 1,073 1,097 1,106 1,124 1,131 1,146 1,153

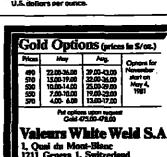
London Commodities

**London Metals Market** \$12.00 \$00.00 \$02.50 \$03.50 \$25.60 \$2

**Montreal Stocks** Closing Prices, March 9, 1981

Canadian Indexes

European Gold Markets





#### tinmeccanica

#### **SOCIETÀ FINANZIARIA** MECCANICA FINMECCANICA S.P.A.

U.S. \$75 million Medium-Term Loan

Managed by Abu Dhabi Investment Company

**Arab Bank Limited** 

Lavoro Bank International

**Arab Banking Corporation (ABC)** European Arab Bank Group Kuwait Foreign Trading, Contracting & Investment Co. (S.A.K.) The National Bank of Kuwait S.A.K.

Co-Managed by Alahli Bank of Kuwait K.S.C. Al-UBAF Group Arab African International Bank Arab Bank for Investment and Foreign Trade, Abu Dhabi The Industrial Bank of Kuwait, K.S.C. Frab Bank International

> Provided by Creditanstalt-Bankverein

In association with The National Bank of Kuwait S.A.K. Abu Dhabi Investment Company Arab Banking Corporation (ABC) Arab Bank Limited (O.B.U. - Bahrain)

European Arab Bank Limited Kuwait Foreign Trading, Contracting & Investment Co. (S.A.K.)
Lavoro Bank International Alahli Bank of Kuwait K.S.C. Arab African International Bank

Arab Bank for Investment and Foreign Trade, Abu Dhabi Frab Bank International The Industrial Bank of Kuwait, K.S.C. Bank of Kuwait and the Middle East K.S.C. UBAF Bank Limited
Gulf International Bank B.S.C. UBAN-Arab Japanese Finance Limited
Kuwait International Investment Co. s.a.k.

> Arranged by and acting as Agent The National Bank of Kuwait S.A.K.



This announcement appears as a matter of record only



#### ABDULMOHSEN ABDULAZIZ **AL-BABTAIN COMPANY**

K.D. 15 million Medium Term Loan

Managed by

The National Bank of Kuwait S.A.K. The Industrial Bank of Kuwait, K.S.C.

Co-Managed by

Alahli Bank of Kuwait K.S.C. The Bank of Kuwait and the Middle East K.S.C. Kuwait Foreign Trading, Contracting & Investment Co. (S.A.K.) Kuwait International Investment Co. s.a.k.

Provided by

Arab Trust Company K.S.C. Alahli Bank of Kuwait K.S.C. Bank of Bahrain and Kuwait B.S.C. The Bank of Kuwait and the Middle East K.S.C.

Burgan Bank S.A.K. The Industrial Bank of Kuwait, K.S.C. Kuwait Foreign Trading, Contracting & Investment Co. (S.A.K.) Kuwait International Investment Co. s.a.k. The National Bank of Kuwait S.A.K.

The National Bank of Kuwait S.A.K.



February 1981

#### AMEX Nationwide Trading Closing Prices Mar. 10 U.S. COMMODITY PRICES Chicago Futures 67-00 67-07 67-26 67-23 67-29 67-17 Separate Mil March 10, 1981 L(MARE R INC. 005 Incl.) Mary Just Sep Res-Just Prev. 92-0: Prev. 92-0: Prev. 92-0: Prev. 92-0: Cash Prices 6%-1746+ 1746-1746-516-4% 17% 4% 12% 7% 5 New York Futures March 10, 1981 .520 .520 Commodity Indexes Provider 3 along at least, 1970 (1973) (1974 是他们是《外外的《《新传》的是"不是不可以是是的的的。""是这种的人,我们是是一个人,我们也不是一个人,我们们的人,我们是一个人,我们们们的人,我们们的人,我们可以会对这个人,我们可以会对这个人,我们 بلو ملو الم الم الم Dividends Me tous: dellars on Mary Alari 221 Mary 214 July 222 Aury 222 Dec 222 Dec 222 Dec 222 Dec 222 Prev cher's count in Alari Mary CAITLE Aury Aury 24 Aury 24 Aury 24 Aury 25 Aury Market Summary 19:27-NYSE Most Actives 70 20-20-30-· 有工具的现在分词形式的 型です。 1774年 - 1774年 -676 475 672 475 687 687 489 675 686 675 686 675 687 475 4% 28/2 5% 9% 2% 3% 14% 17% S% KTelin 5% Kpisto 7% Koreki 15% Kevoli 7% Ketoni 7% Ketoni 7% Ketoni 7% Ketoni 7% Key Co 22% Key Pn 1-37 Kide 1-37 Kide 2 Kilern 2 Kilern 15% Kinga 17% 27% 20% 20% 10% 5 Todos NYSE Com SLAT 777 20.75 20.96 307 1.979 97 Prov. disease Class 9221 972 923 944 942 152 154 154 154 154 154 和野 カギ カラ カラ カカ カカ カカ カカ カカ Tuesday's New Highs and Low Dow Jones Averages 471 20 44 1.34 1.34 50 772H 4631 1631 17321 24 LSS 17 LeSery 37 LeMeyr 414 LeAeS 21 14% 19% 19% 2019 + 2019 -Done Jones Bond Averages STATE OF THE PARTY 58.4 - 19.5 to がいる大学の見るなり International Monetary Market 17/57 16/17/46 15/24 16/ NYSE Index Clear 74,71 87,32 74,44 37,33 74,71 reDate Odd-Lot Trading in N.Y. Silver Margins Lowered .319 34 23 1.9 12172 126786 19749 198789 198789 DUTCH GUILDER For public; 1 poli American Most Actives It said margins for hedge main at \$4,000. 4" Metrocr 2% Mech5a 51 2% Mech5a 51 2% Mech5a 51 4% Mich5a 51 4% Mich5a 51 4% Mich5a 51 4% Micha 14 7" Midlight 20 1% Midlight 20 1% Midlight 4 50 Midlight 77.34 50 Midlight 97.34 50 Midlight 1.10 2% Mortish 20 9 Midlight 20 9 Midlight 20 9 Nervice 3 40 11% Nigo 3 40 Jul Sep Dec Joh Prev. soles 2,377. Prev doy's oven int 23,461, off 1. 5.3 8 13 8 277 94 175 12 7 49 20 107 20 107 21 13 22 10 x4 30 188 7 384 5.2 5 10 5.3 7 71 3.6 130 17% - 12 18 - 12 17% - 14 17% - 14 17% - 14 12% + 16 12% + 16 12% - 16 12% MANAGE .50 1.44 29 .521 1.25 .16 12th Torincp 16th TotiPet 2th Tencir 16th Towner 7th Towner 2th Troilin 4th Troilin 8th Tobas 8th Totas 8th To 2173 432 15 11 128 1976 10 12 1976 10 12 1976 10 12 1976 10 12 1976 10 12 1976 75. Comia et 140 15. Comia et 150 15. 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(vr) Internative Fined Cherny? **European Stock Markets** ALLIANCE INTLC/e 8k of Bermodo,Berm. —(d )Alliance infiSRevs (\$1) ..... 16.6pc[ \$12.18.70 \$11.20 \$11.20 \$11.20 \$12.20 \$12.20 \$12.20 \$12.20 \$ March 10, 1981 (Closing prices in local currencies) 3% Volle's 11½ VollyRs 7% Vollmot 1% Veril 1% Veril 15½ ViAmC 15½ ViAmC 1% Volleth 7½ Victor 1% Victor 1% Vistor 1% Vistor 5½ Vistor 5½ Vistor 5½ Vistor 7% Voolex 4% Vulccp 876 2 876 2 6 8 6 8 21 9 3 714 32 27 3 7 8 3 12 13 12 13 12 11 21 13 11 40 29 8 1 40 20 1 40 20 1 Saug Prices 34 10C31 Koute 1 195.50 K.H.D. 167.20 Klackner 57.30 Kruop 62.56 Kruop 62.56 Kruop 62.56 MAN 31.50 MAN 15.50 MAN 15.50 Menilopesel 35.50 Mechanson 127.38 Menilopesel 35.50 Mechanson 127.38 Mechanson 127.38 Mechanson 127.38 Mechanson 127.38 Mechanson 127.38 Mechanson 134.30 Very 145.50 Very 145.50 Very 145.50 Very 15.50 (F1) | Bolcimeati | 4 | | Bolcimeati | 4 | | Bolcimeati | 4 | | Bolcimeati | 3 | | Lafithos | 3 | | Manifeds | 2 | | Citveta | 4 | | Previo | 4 | | Shis Visco | 2 | | BCI Index : 226,78 | | Previoos : 226,19 | 5 14½ + ½ 14½ 2 15½ 75 76 17% 16 3½ 16 16 3½ 16 16 3½ 16 16 3½ 16 7% 17% 20% 20% 4% 22% 4% 20% 11% 17% 17% 46,200 1,100 301,00 393,25 225,25 4,755 4,760 1,310 5 14% 14% 21% 15% 22% 18% 3% 16% 3% 16 4% 12 9% 14% 14% 2 15% 2 15% 2 15% 3 16% 3 16% 3 16% 12 9% 48,140 1,100 390,00 407,30 240,00 4,230 4,230 1,311 n1,24 199.00 164.00 209.50 64.50 177.00 81.50 81.50 177.00 81.50 177.00 Amsterdam BANK VON ERNST & CIE AG PB 2627 Bern — (d ) CSF Fund SF H.37 — (d ) Crossbow Fund SF H.37 — (d ) ITF Fund N.V. ST3.58 AALES CTU2! ACF Holding ACF Holding ACS 13.49 AREAT Heilin ASE 13.40 Algembonk ASE 13.50 Amrobank ASE 13.50 Amrobank ASE 13.50 Amrobank ASE 13.50 Amrobank ASE 13.50 ASE 13.50 Boerland Hids Essevier Esnito Suerimenan 1 53.20 Suerimenan 1 53. 21 9 .714 .613 27 3 12 12 5211 2311 29 8 4320 28 3 PTM 18.70 19 134 Domits 9 7 181 Domits 9 7 182 Domits 9 7 183 Domits 9 7 184 Domits 9 7 184 Domits 18 18 EAC 34 18 EAC 36 18 Foliat 50 18 n .671 20 .120 .120 .232 25 \$ 25.00 \$ 15.66 \$ 29.91 \$F 25.95 \$F 47.00 \$F 95.75 \$F 75.75 \$F 137.90 \$F 447.90 \$F 447.90 \$F 117.25 **Paris** Ar Liquide Ar Liquide Als Alshom Ari. BUC But 42500 Boryques BSM 143100 Boryques BSM 143100 Correlour 178400 Cito Mediter Cub Mediter Cu From The Control of t 576 - 257 7th + 46 3th - 15 (4) DIT INVESTMENT FRANKFURT: NG I Concentro Hid I lett Rentantond. DIT INVESTMENT FRANKFURT: OHIG I lett Rentantond. DIT INVESTMENT FRANKFURT: OHIG I lett Rentantond. DIT INVESTMENT OF DIT INVEST London Allied Brew 6.65% AA Co 6.65% Arstlo-Am 25% 21 10 30 10 1.0 12 25 4 31 10 14 11 36 46 22 12 8 20 44 84 7 7.5 9 24 2 Allied Brew AA Cp Ansio-Arn Bebook-Will Borciovs Bak BAT Ind, Beacham Gp BICC BOCI Init1 Boots B G.T. MANAGEMENT L.TD: - (w) Berty Poc. Fd. Ltd. - (w) G.T. Aste Ford. - (d) G.T. Bend Ford. - (e) G.T. Dollor Fund. - (e) G.T. Dollor Fund. - (e) G.T. Jopon Spool Co Fund. - (d) G.T. Jopon Spool Co Fund. - (d) G.T. Technology Fond. **Brussels** Close 1,184 140 1,679 1,140 1,800 4,740 1,200 1,200 1,200 1,200 2,205 2,205 2,705 1,014 Prev. 1,140 170 2,000 2,000 2,140 2,000 1,134 1,290 2,266 2,275 704 776 d. New yearly time unded, rates of dividends in the tarepoints able are around disbursaments based on the last quarterly or ami-annual declaration. Secial or some dividends or pay-ROTHSCHILD ASSET MGMT (Bern — (w) Reserve Assets Follid ...... ROTHSCHILD ASSET MGTM (CI): — (r.) O.C. 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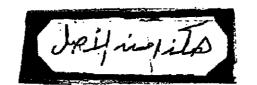
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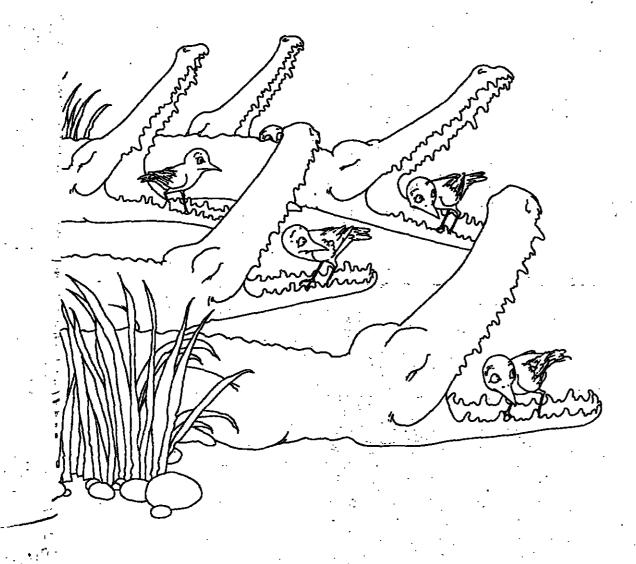
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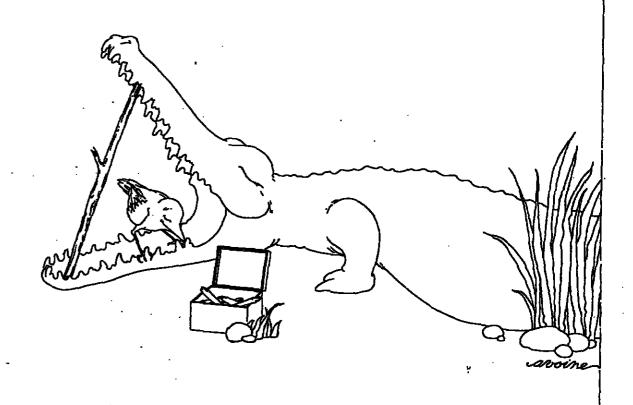
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هكذ امني الأجل



# When you're the 384th foreign bank to open in London you better have something the other 383 don't.





But before we tell you what it is we'd better tell you what the BFCE is.

Banque Française du Commerce Extérieur is a French commercial bank—with a French name—to which the French Government has assigned substantial medium—and long-term export credit responsibilities and for several decades now we've specialized, as our name suggests, in the financing of overseas trade.

But as you can see we haven't exactly knocked ourselves out getting <u>ourselves</u> overseas. While we've always crisscrossed the globe indefatigably for our customers we waited to set up shop abroad until we were ready.

We looked before we leapt. We stayed home doing our bit—a not inconsiderable bit—for the French export trade, in the process building up a solid fund of experience and expertise in international trade and commodity trading—and acquiring a good working relationship with nearly every country in the world.

Although we've been busy setting up representative and trade promotion offices since the early seventies in a number of countries—more than 20 so far—it was only in February, 1977, that we really started exporting the BFCE with the opening in New York of our first overseas branch. (Quickly followed by a loan production office in Houston, an agency in San Francisco and a branch in Milan.)

Last but not least. But the big news, of course, is London—our new City branch just around the corner from the Bank of England on Threadneedle Street.

Now we've finally arrived we'd like to unzip our bags and produce without further ado what marketing men would call our unique selling proposition.

The BFCE is a "small" bank—in the same sense Mont Blanc is a small mountain—operating in one area of specialization. Overseas trade. For you there are three big advantages in this.

It means every single individual customer is very important to us and we'd better make darn sure we're doing a good job.

It means we're experts at being fast and flexible.

And it means we are able to supply you with an exceptional degree of technical and legal know-how along with an exceptional level of competence in the highly specialized area of the international transfer of funds.

We've got the wherewithal. Although we don't have branches all the way from Timbuktu to Kamchatka we are in a position to help with the financing of even the largest projects. (At the end of 1980 the Bank's total assets amounted to £13,700,000,000 and over 90 per cent of our business was in the financing of international trade.

In fact, at the Banque Française du Commerce Extérieur, when it comes to solving your problems, you'll find we've got what it takes.



BANQUE FRANÇAISE DU COMMERCE EXTERIEUR

1 Angel Court-London-EC2R 7HU Tel: 01-726 4020-Telex 894 191, Licensed Deposit-Taker

Something <u>new</u> in the City.

#### **ACROSS**

- 1 Successor of Bess 6 Theda of the
- silents
- 10 Unravei
- 14 Dodgson's girl 15 Musical
- composition 16 Prefix with gram or dyne
- 17 Jury list 18 Small suitcase
- 20 West Indies
- product 21 Imogene's
- partner 22 Pusher's
- victim 23 French family
- member 25 Forever 26 Word following
- raw or burnt 28 Old Nick
- 29 ---- de guerre 30 Penetrate
- 32 Dope **36** "Sliding -
- Paul Simon song 38 Wicked
- biblical city 40 Of the dawn 41 Sections often made of mica
- in old Rome 43 Pavarotti, e.g. 45 Número-46 Change

- 48 Start of Sarah 9 "And I saw Adams's wellknown hymn
- 50 "The Face on the - Floor 53 Bees do it
- 54 Microscopic animals 55 Scrooge
- utterance --- de France 58 Wherein the
- **Balcony Scene** occurs
- 60 Mixed alcoholic drink 62 Double
- preposition -- 500
- 64 Bailet -Between Mont. and Minn.
- — bridge (Euclidean proposition)

#### DOWN

- 1 Tourist's need 2 Resembling a wing 3 Armed civilian
- of 1776 4 "The-Cometh":
- O'Neill 5 Sniggler's victim

Solution to Previous Puzzle

- Sundays" 42 U.S. "ashcan" 6 Kind of knife painter 7 Mimicked 44 King David
  - 47 Walked like a pigeon
  - 49 Hostility 50 Washbowi 51 Improve 52 "Right on!" to
  - Cicero 53 Brown-winged butterfly 55 A-F connection
  - 57 Existence 59 Chemical suffix 60 Mrs., in Sevilla

## 61 Men

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#### RADIO NEWSCASTS BBC WORLD SERVICE

Western Europe: 648KHz and 461M Medium Wave, 5,975, 6,090, 7,120, 7,185, 7,255, 9,410, 9,750, 12,195 and 15,078 KHz in the 49,41,31,25 and 19 meter Dands. Book A&rica: 1413KHz and 213M Medium Wave, 25,450, 21,440, 17,855, 15,430, 12,895, 11,830, 9,580, 7,120 and 4,050 KHz in the 11, 13, 14, 19, 24, 25, 31, 42 and 4) raster bonds.

North and North West Africa: 25,650. 21,470, 15,070, 11,750, 9,410, 7,120 and 5,975 KHz in the 11, 13, 14, 25, TI, 42 and 39 meter boads. rothern Africa: 25.450, 21.460, 17.880, 15.400, 11.520, 9.410, 7,185 and 6.005 KHz in the 11, 13, 14, 19, 25, 31, 41

Nildtle East: 1223KHz and 227M Medium Wave. 25,668, 21,710. 17,770, 15,310, 11,760. 9,410, 7,140, 6,120 and 1,999 KHz in the 11, 13, 16, 19, 25, 31, 42, 49 and 75 meter bands.

Seathern, Asia: 1413KHz and 212M Medium Wove, 25,650, 21,650, 17,770, 15,310, 11,750, 9,400, 7,180 and 4,195 KHz in the 11, 13, 14, 19, 25, 31, 41 and 40 meter bands. East and South East Asia: 25,450, 17.790, 16.310, 11,865, 9,570, 6.195 and 3.715 KHz in the 11, 14, 19, 25, 31, 48 gad 76 meter bands, Also for Singapore calv; 82,500 KHz VHF.

#### **VOICE OF AMERICA**

The Valce of America broadcasts world news in English on the hour and at 26 mioutes offer the nour during varying periods to different regions.

Western Europe: KHz 15,245, 7,225, 4,840, 5,955, 3,910, 1,197, 792, 11,240, 9,260, 1,296 in the 19,7, 41,1, 49,5, 50,4,75,7,251 (medium wave), 379 (medium wave), 25,5, 30,7 and 202 (medium wave) mater bands. Middle East: KHz 15,205, 11,915, 9,760, 7,200, 4,040, 1,260 in the 19.7, 25.2, 30.7, 41.7, 49.7, 238 meter bonds. East Asia and Pacific: KHz 17,820, 17,740, 15,290, 11,740, 9,770, 26,000, 6,110 and 1,575 on the 14, 16.9, 19.6, Seath Asia: KHz 21,540, 17,740, 15,305, 11,915, 9,760, 7,105 on the 13.9, 16.9, 19.7, 25.2, 30.7 and 42.2 meter honds.

Airton: KHz 24,040, 21,440, 17,570, 15,330, 11,715, 9,740 7,280, 4,125, 5,795, 3,990 on the 11.5, 13.6, 14.6, 19.6, 25.2, 30.6, 41.2, 49,50, 75.2 meter bonds.

#### German Shepherd Shoots Trainer Ented Press International

MONROE, Mich. - John Calbert was in satisfactory condition in a hospital with a bullet wound in his leg caused by his dog, police said. Mr. Calbert was training his German shepherd to disarm intruders, but the dog dropped a 22-caliber revolver that it had been holding with its teeth and the gun went off, wounding Mr. Calbert.

A police spokesman said Monday that there would be no charges. "It would be kind of hard to fingerprint him," the policeman said.



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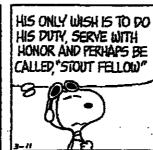
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YOU MUST DATE

A LOT OF

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I'LL TRADE

YOU FOUR PROPESSORS

FOR ONE ARM WRESTLER









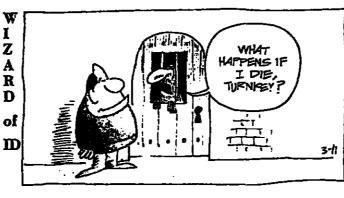


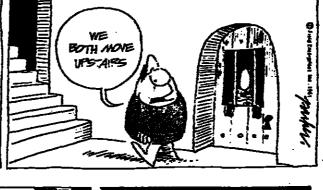














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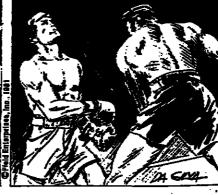
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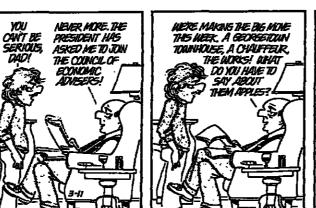
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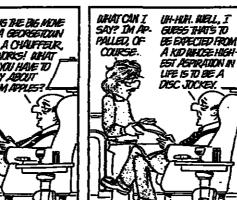
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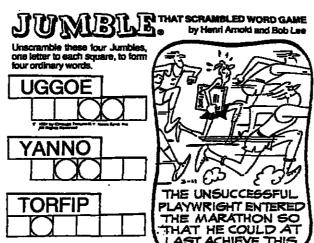












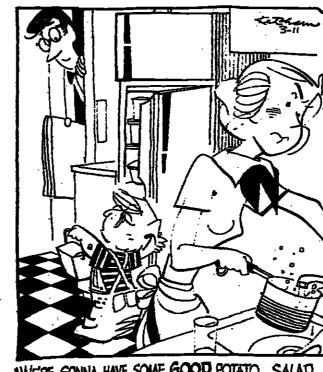
AST ACHIEVE THIS. **FLOAW** Print answer here: A

(Answers tomorrow)

Jumbles: TWILL NOISY DELUXE TOWARD Answer: What he did after his bills were settled up-SETTLED DOWN

Imprimé par P.I.O. - I, Boulevard Ney 75018 Paris





"WE'RE GONNA HAVE SOME GOOD POTATO TONIGHT, DAD! FROM THE STORE!"

#### **BOOKS**

#### BLACK MOUNTAIN BREAKDOWN

By Lee Smith. Putnam. 228 pp. \$10.95.

Reviewed by Christopher Lehmann-Haupt

THE real heroine of Lee Smith's new novel, her fourth, is not doom-ridden Crystal Rence Spangler of Black Falls, in the western corner of Virginia, near the West Virginia border. The real heroine of "Black Mountain Breakdown" is the narra-tor's voice, which turns Smith's story into a country music ballad or a Southern Appalachian breakdown, in the sense of the word that means a tune played for a noisy dance, as in "Pike County Breakdown."

It is a voice that rushes its story forart 16 is everything Lorene," her mother, "hoped she would be, everything Grant," her dead father, "was afraid she would be, too, only that's beside the point since probably teller. beside the point since nobody talks about Grant much these days, and no-body seems to remember him much either, except for Crystal. Crystal is beautiful. Her skin is still fair and clear, and the color still comes and goes in her cheeks. Her hair is very long now and very light and silky, baby fine. She is perfectly propor-tioned, thin but not too thin, and she moves all the time like a dancer even though of course she has never had lessous; there's no ballet in Black Rock. Crystal laughs and giggles and cuts up a lot."

It is a voice of many moods - from the delicate dreaminess of adolescence to the breathless cattiness of a small-town gossip — "The first Agnes hears about it is in the Rexall, where she is having her lunch, when Brenda Looney, a teller at the Levisa Bank and Trust sees everybody and knows what's going on all over town. She wears these harlequin glasses. Agnes has never cared for her and she never stands in Brenda's line when she makes deposits at the bank. But here comes Brenda, slamming into the Rexall on her break, can't wait to tell

#### Every Detail in Place

Perhaps most impressive: It is a voice that reveals unhesitantly every banal and tawdry detail about her slightly hickish characters without for a moment patronizing them. Thus Lorene Spangler is made to capture all the pretentions dreams she has for her daughter by calling her Crystal Renee, "the prettiest name she could think of," And yet behold, Crystal re-ally is a bright and beautiful child who in her frantic search for an identity has every good reason to dream of a fairy-tale future.

In the same vein, Roger Lee Combs can concede that what has provoked him to leave his family for Crystal and thus inspired the gossip that Brenda Looney brings to the Rexall — is the Schlitz beer commercial that says, "You only go around once in life." Yet that doesn't diminish the seriousness of Roger's passion, or the seriousness of its consequences.

The one major drawback to "Black Mountain Breakdown" has to do with its title being a pun, a heavy handed one at that. Something happens to Crystal as an adolescent, when she goes out to the toolshed one evening to fetch her retarded uncle, Devere, for dinner. But we aren't certain what that something is because, in a glaring technical lapse, the narrator covers up

#### Florence Repair Work The Associated Press

FLORENCE - The 14th-century campanile of the Florence cathedral will be closed to the public to allow urgent repairs to the marble, officials said Tuesday. Work is expected to begin in several weeks in the 279-foot-high bell tower, which was begun by Giotto in 1334 and is known for its bas-reliefs by Andrea Pisano and Luca della Robbia.

the projector, figuratively speaking we can't see what is happening rather the film is made to just track for a minute or two, and it's for another 150 pages, when years er, Crystal is remanded of Deven-the face of a patient in a psychia

institute, that we learn how she raped by her made in that interval Wome, the rape is so melodrate and unnecessary that one ne-suspects the author of having adde as an afterthought to lend her u commercial pozzaz. A reflection the single-trauma view of sacotal turbance that used to prevail in Hc wood films, it only serves to overse ify Crystal's difficulty and transform her from a believable a rotic into a caricature. It would he been far more effective half Cry only fantasized the cape, for then

meurotic character and seen in breakdown would have been in deeply rooted in her upbrunging such a fantasy would have been tirely plausible since all the press. on Crystal to imagine an assault h been so skillfully built up in the sto The one redeeming feature of plot complication is that the reation of the rape is delayed so in This lets us enjoy most of "R Mountain Breakdown" for the boo could have been - one of those fu

yet heart-reading ballads that bear on the country music stations about a lovely young thing who i can't fit in anywhere. Sung win twang and a sob, to a background fiddles and guitars. By Bobbie Gen or Loretta Lynn.

Christopher Lehmann-Haupt is the staff of The New York Times.

#### **Best Sellers** The New York Thees

This list is based on reports from more than L ockstores diroughout the United States World PICTION

1 THE COVENANT, by James Mi-CHASQUERADE, by Kit Williams ANSWER AS A MAN. by Taylor

Caldred
BRAIN, by Rebin Cook
THE KEY TO REBECCA, by
Ken Fellett RAN PORCEL THE WENE by Cynthic Procuses
PRESTARTER by Stephen Russ.
CENTURY. by Pred Mustard

RAGE OF ANCELS by Sideo CONGO, by Michael Crichmo ... THE FIFTH HORSEMAN, by Listy Collins and Dominique La-

INFINISHED TALES, by JRR Tokics LOON LAKE by E.L. Documen THE COLLECTED STORIES OF EUDORA WELTS. THE CLAN OF THE CAVE BEAR, by Jean M. Avel

NONFICHON NEVER SAY DIET BOOK, by COSMOS, by Carl Sagar. THE LAST MAFROSO, by One.

BEITY CROCKER'S INTER-BEST EVIDENCE by David S NICE GIRLS DO, by Irene Kasedia. CRISIS INVESTING, by Douglas

THE SKY'S THE LIMIT, by 8. THE SKYS THE LIMIT, by Wayne Dyer.
9 THE COMING CURRENCY COLLAPSE by Jerome Smith.
10 CRAIG CLAIBORNES GOURMET DIET, by Craig Claiborne.
11 SIDE EFFECTS, by Woody Alien.
12 YOU CAN NEGOTIATE ANY THING, by Herb Cohes.
13 MAIDA HEATTER'S BOOK OF GREAT CHOCOLATE DESSERTS.

SERTS.
PETER-THE GREAT, by Robert Massie NOTHING DOWN, by Robert G.

#### BRIDGE

By Alan Trus

MANY players cannot remember the days when an event might be won by 1,000 points. Until about 1964 it was normal to score knockout team championships by total points, and victories by several thousand points were common. Then the international match point scale - or IMPs - came into use, following the European practice, and winning by 100 pourts became rare.

Now, thanks to the computer, it is possible to win by 1,000 IMPs or so, and it happened at a recent tournsment. Instead of using normal match points, each pair was given a series of IMP scores, one with each pair sitting in the opposite direction at another table. So the reward for an outstandingly good score, or the price to be paid for an outstandingly bad one, might be 200 or 300 IMPs.
The winners reached three no-

trump by an eccentric route on the diagramed deal. By normal standards, two no-trump would be an overbid with the South hand; almost every other player was content to bid one NORTH **♦**432 ♥A10963 WEST **♦K**105 **4098 ♥QJ874** OKIDE62 **4018** SOUTH (D) **♦ J**975 ♣AK105 bidding: South Pass 10 Pass

West led the heart seven.

34

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space. Three clubs by North conventional check-back bid, train extract a preference to hearts. Si rejected hearts firmly and reaches -normal contract.

West got off to a good start by le ing a heart and removing the de-er's king. A diamond was led by queen, and East did well by refu to win, making the declarer's coss. nications more difficult. South cut the heart ace and led the ten go

South had given up a space at club. When the defense now passades, he held up his acc mill third round, reaching this positions

NORTH **∳**— ♥96 **◊A4 4**96 EAST ØQ8 0 K 108 **47432 \$18** SOUTH

**\$397** 

♣AK10

Since East, under pressure, elected to part with the club greet was easy to play the ace and and diamond to make the contract II had saved three cards in each a suit, the game would have falls good defense fell at the last handle.

One might think that making

no-trump would give North-Son good IMP score. Surprisingly, it worth an exact zero. The few I who failed in three no-trump wer actly balanced by two pairs will North-South scores. One collect, penalty of 1,400, and the other to two diamonds doubled with two? tricks for a score of 910.

#### The Soccer Scene

#### A Bright Star From the East

By Rob Hughes

ON -- The chemistry of a it soccer match is as hard e or predict as the English Right now, it is raining: I an't go out and stop it, so

Iam United finds no such its hitherto impregnable as dismantled in London go by a Soviet team per-with astonishing flair and

to Tbilisi, the Georgian oviet equivalent of Latin,

utterly confounded West Ham to way it should be played was in win 4-1. way it should be played was in each case such that, far from em-

The style was evocative of the two most memorable European games I have seen — Real Madrid vs. Eintracht Frankfurt in 1960 and Ajax Amsterdam vs. Bayern Munich in 1972. And with those three thrilling performances as evidence, one (perhaps obvious) ob-servation has become proven: It takes two - victor and vanquished — 10 тапео.

Frankfurt, Munich and now West Ham were almost willing accomplices to their own defeats Their beliefs in the game and the

ploying the plethora of negative. cheating ways to stop a rampant team, they actually compounded the scoreline by attempting to meet thrill with attacking thrill. This compliance was carried to the point of naivete at West Ham last week, but this column will not pillory the players for that.

As with Alfredo Di Stefano in 1960, as with Johan Cruyff in 1972, the Toilisi performance had

David Kipiani, balding, unhur-ried and in his mid-30s, was the

by. His real estate method, for ex-

ample, is a sort of high-volume,

Low-Risk Frisk

confirmed a series of transactions

involving a single property, the Avord Building in Vancouver. He bought it in 1974 for \$10.2 million

and sold it six months later for \$11

million. In 1979 he bought it back

for \$13 million and, with the ink still wet on the mortgage papers

resold it within 24 hours for \$13,25

maneuvering gives rise to sugges-tions in some quarters that if Skal-

bania was strip-searched, not a nickel of his own would be found

on his body. That, he says, is not

quite the case: "To buy about \$50 million worth of sports teams, I would say that it would be difficult

But he does acknowledge that

his financial techniques are cre-

team. But maybe the fun part of it,

or the challenge part of it, is to do

a lot of this buying, using, you know, using — uh — other techniques of financing."

There is, for example, the ac-

count of his sale of half-interest in

the financially troubled Edmonton

Oilers of the now defunct World Hockey Association to a fellow

Canadian real estate man, Peter

In exchange for half the team.

Pocklington gave up a diamond ring, some paintings, other odds and ends and the Rolls-Royce

driven by Robert Redford in "The

Great Gatsby."

Later on Pocklington bought the

other half of the team. The two

men worked out details on the

Skalbania Buys Alonettes

MONTREAL (UPI) — Sam Berger has sold the Canadian Football League's Montreal

Alouettes to Vancouver millionaire

Nelson Skalbania. Berger, who last

month had offered Skalbania 50

percent of the club, said the deal was struck Friday and would be

subject to CFL approval before

Pocklington.

hack of a nankin

becoming effective.

to do it without some money."

That kind of high-stakes

By way of example, Skalbania

low-markup blitz.

#### 'ultiple Owner Skalbania iving Out a Kid's Dream

By Wayne King ev York Times Service

NGELES - Nelson Skal-10 concedes that he does susiness in the ordinary it is not hard to underiy a kid who grew up the ice rinks and baskets on the low-rent side of 1, B.C., would want to sports teams of his own. one of those guys who erything," he said, sipp-s of Chablis here recentnever world-class in anyack of all trades, master

hat sort of thing.

If all," he said, explaining is become something of a sports conglomerate, My, I'm a kid who used to l balls so I could get a own to play with. Now I paseball team. It's fun. I ught I'd get to the point g the teams I used to

days, Skalbania mainly oney — oil money, gas sal estate money, mortey. And he chases the that money can buy ts, hotels, shopping cenodd diamond ring or ree paintings, and, of s first love — the sporthe gawked at as a boy. il that, it is difficult for atch his teams play. Not three of them played on night — the NHL's Calies and the Calgary Ranof the Western Junior

the Calgary Boomers of th American Soccer rmerly of Memphis. ua also owns half of the r Canadians, a triple-A cam. He tried to buy the ariners baseball team for m, but that fell through e was no agreement on at he made a \$16-million National Basketball Asexpansion team that also md Skalbania is now the United States in his ie DeHavilland jet for an 1 to bring to Vancouver. ying to buy an existing said. "They're stronger e cheaper."

PBELL CONFERENCE

Division W L T Pis, SF GA

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41 13 14 % 304 224 27 28 13 67 257 272 24 27 17 65 243 248

etball Polls

— The top 20 teams in the final cas college basketball poli, with

ho Is That Man? If that intrusion into the nerican sporting scene, a f people are asking who albania is. He is, in fact, nandsome, bearded man

NHL Standings

on the Canadian Stock Exchange

He jets around the country buying and selling real estate — the downtown Georgian Hotel in Van-couver, shopping centers in Saskatoon, Sask., the Watergate Apartments in Oakland - along with diverse other interests that have from time to time included Vancouver's largest art gallery, another gallery in Calgary and currently one of Canada's four private

breweries, Canadian Gold. "My main source of income is real estate," he explained. "Some oil and gas, but many, many other

After a stint with an engineering firm in Vancouver, he discovered real estate, developing the art of using other people's money, buy-ative. "Any idiot can write a check ing low and selling just a bit higher for \$2 million cash and buy a -and doing it fast.



Nelson Skalbania

vestment style is to keep the monas Skalbania Enterprises. His stock is currently selling at about \$3 a off a modest ripple or two of cash as the bigger waves go hurtling on

The son of a carpenter who was a Polish immigrant, Skalbania was graduated from the University of British Columbia with a bachelor of science degree and later earned master's in science as a scholarship student at Cal Tech, specializing in earthquake engineering.



... uh --- other techniques.

Division
W L T Pis. 6F GA
27 19 11 85 288 194
17 22 9 83 278 243
27 37 9 43 282 298
18 33 16 52 248 312
18 32 15 51 206 263

along with Fred Gebrke, general manager of the National Football League team. Gebrke will be replaced by Grady Alderman, director of planning and development for the Minnesota Vikings, said Mike Lynn, vice president of the Vikings.

ings.
Miller, 53, has coached the Broncos since February, 1977. He led the Broncos to the Super Bowl that year after the team posted its best record ever, 12-2. In Super Bowl XII, the team bowed to Dallas, 27-10. In 1980, the Broncos had their worst finish in Miller's four years; at 8-8, the team tied with Kansas City for third place in the American Conference

Reeves, 37, became offensive coordinator for the Cowboys in 1977, after serving as backfield coach for four years. He was a running back for the Cowboys for eight seasons — until 1972, when he became a player-

Pleau Gets Whalers' Slot

HARTFORD, Conn. - The National Hockey League's Hartford Whalers have signed Larry Plean to a two-year contract as head coach. Plean has served as interim coach since the firing of Don Blackburn last month. The Whalers are 3-4 under Plezu and in 18th place in the NHL.

designer of so many artistic and yet economic strokes, that West Ham was itself roused to applaud.

Kipiani embodies Tbilisi and its essential, separate character from what we see as the Soviet mold. His creativity is by no means reliable yet, but a year ago he found Liverpool, a still more formidable English opponent, so tailored to his skills that he destroyed it too.

Kipiani's lieutenant, then as now, is the dashing little goalscorer Ramas Shengelia. A darting ferret, it was Shengelia who scored the fourth goal in London, running onto a lofted pass of fully 60 yards from Kipiani.

The pass was delivered with such cunning, such timing, that Shengelia gathered it in his stride and lethally finished off his second

strike of the night.

True, by then West Ham was pushing men forward in pursuit of etrieving a goal or two. True, the Hammers conceded other goals on a night of loose marking.... But equally true was the fact that in Trevor Brooking. West Ham possesses England's outstandingly creative midfield man. And Brooking, in common with his team, was an admiring bystander on a night of rare beauty.

Even now, a week later, the memory burns with Tbilisi's inspired demonstration. The club will probably not win the Cup Winner's Cup, just as it ultimately failed in last years's European Cup. But two such memories in two seasons is, by modern standards, phenomenal.

On the same night — there must have been something in the air -Liverpool's failings of late were erased by a stunning display of midfield goalscoring: Five clean strikes swamped the threat of CSKA Sofia and may put fear into the marrow of West Ham, which Liverpool meets in Saturday's English League Cup Final at Wemb-

Meanwhile, the true power of English soccer has been taken over by Ipswich Town which, from bullets created by Dutchmen Frans Thijssen and Arnold Muhren, brought the players of St. Etienne to their knees with a resounding 4l victory in France.

Again the moves were dazzling, again the finishing was electric, again the home crowd stood to appland visitors who came, showed superior technique and conquered. Where, oh where, will it all end? Will we ever, from the midst of this grumbling, unsporting, winner-take-all era in soccer, come to terms with such heady night in

#### Forewarned

If the events should overwhelm us, at least we now are forewarned. If there is a growing kernal of free spirits among European clubs, then it is just in time.

Attendances everywhere this winter have been fallen dramatically — the fans' way of showing with their feet that they will not pay for the organized neurosis that passed for tactical sport in the last European championship.

If, from Soviet Georgia, the new

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light is truly beginning to flicker, then the least we in the West can do is go out and meet it in like Miracles are possible, even in

modern professional sport.

#### Fisk Is Prepared To Sign Contract With White Sox

United Press International CHICAGO - Former Boston Red Sox catcher Carlton Fisk has announced he has "chosen" to play with the Chicago White Sox this season but said he has not yet signed a contract

Fisk, 33, the 1972 American League rookie of the year and a seven-time all-star with the Red Sox, was declared a free agent last While he has not yet signed,

month. Fisk said Monday he expects to do so by the end of the week. Neither he nor White Sox management would disclose detail of of the contract under discussion.

Fisk would be third major free agent acquired by the White Sox this year. Earlier they signed outfielder Ron LeFlore and catcher

#### **Transactions**

BASTBALL American League
CALIFORNIA—Renewed the contracts of
Rick Burleans, shortstop, and Bobby Clark out-Rick Swrieter, sportstop, one vector and fielder, for the 19th season.

MINNESOTA—Signed Ken Landrecux and Gory Word, outfielders, to ene-year contracts. Ranswed the contracts of Done Engle, outfielder; Soi Butera, cotcher; Terry Felton and Don Cooper, pitchers, and Chuck Baker, infleider.

National League
PITTSBURGH—Renewed the contracts Micher
Matter and Pascual Pensa, pitchers; Tony
Pena, caricher, and Dorfan Bovland, laffelder. FOOTBALL

National Football Lawree
CLEVELAND—Amounced that Peter Hotho CLEVILAND ARROGATION INTO PROVIDE ARROGATIVE VICE PRESIDENT VICE PRESIDENT ARROGATIVE VICE PRESIDENT VICE PROVIDENT ARROGATIVE VICE PROVIDENT ARROGATIVE VICE PROVIDENT VIC

HOCKEY HARTFORD—Named Larry Pleas, head cooch, and signed him to a two-year contract.

MARQUETTE—Retained House Roymonds as the distribution of other commonds as through the 1981-82 season.

#### Davis Cup: Comeback of a Trophy

New York Times Service

CARLSBAD. Calif. - The most commendable comeback in sports this year might be made by a trophy instead of an athlete.

With a new format and new prize money, the Davis Cup has an opportunity to regain its lost prestige after too many years in eclipse. Now that the U.S. team has qualified to oppose the current holder of the huge silver chalice, Czechoslovakia, in the July quarterfinals of this year's competition, perhaps the U.S. termis public will realize that the Davis Cup has more appeal than all those weekly tournament jackpots

the same players seem to cut up.

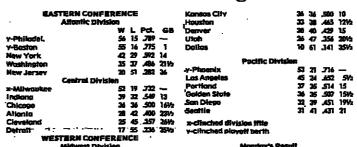
At its best, the Davis Cup is capable of arousing the same cheer of U.S.A., U.S.A." that exhorted the U.S. Olympic hockey team at Lake

And at last, the United States Tennis Association appears to understand that the Davis Cup belongs on a big stage. In recent years, the



Bucks' Sidney Moncrief is hit in the face by Cavs' Kenny Carr Monday. Moncrief recovered, scoring 19 points in a 118-100 win.

#### **NBA Standings**



Monday's Result
Milwoukee 118, Cleveland 100 (Cummings 30.

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USTA invariably scheduled cup matches in remote cities where it was more of a social than a sports event. The cocktail parties were more

important than who won.

But the Davis Cup duel with Czechoslovakia is expected to be held at the National Tennis Center in Flushing, N.Y., over the July 10-12 week-

end following the Wimbledon championships. More significantly, America's two best tennis players, John McEnroe and Jimmy Connors, will be playing singles.

#### Connors Comes Around

For all his sometimes brattish behavior, say this for McEnroe — he has always considered his selection to the cup team to be a patriotic duty, even when the money was minimal. And now Connors, who in the past had snubbed the Davis Cup occasionally, appears ready to enlist again. He even stopped by the La Costa resort here to help tune up McEnroe and Roscoe Tanner last week before the United States got past Mexico, 3-2, on McEnroe's straight-set triumph over Raul Ramirez Sun-

day.

Jimmy and I have a good relationship now, explained Arthur Ashe.

When I the Davis Cup captain who once openly feuded with Connors. "When I found out I was going to be the captain, I wanted the best team. I knew John would play but I wanted Jimmy too, and he was receptive to

Ashe mentioned three new factors that appeal to Connors — the new format of only 16 nations in a knockout tournament, empty weeks reserved for Davis Cup play rather than tournaments, money that might be worth as much as \$100,000 to each player on the winning team.

connors's presence will be particularly important against the Czechs, whose best player is Ivan Lendl. "Jimmy has never lost to Lendl in seven matches," Ashe said. "That's a psychological edge right there."

The money might be a psychological edge too. McEnroe and Connors are at their best in big-money matches. Until this year, U.S. Davis Cup players made little more than pocket money. But this year the Nippon Electric Co. of Japan put up \$1 million in prize money, with the winning nation collecting \$200.000

nation collecting \$200,000. "And at the end of the year," says a USTA official, "after all our Davis Cup expenses are paid, we'll also split our take from the proceeds with the players. If they win it, they can make some substantial money.'

Dwight F. Davis must be wincing in his grave. When he donated the cup in 1900, tennis was perhaps the purest of games. It was played only by the wealthy for the wealthy. But gradually it evolved into a game for the masses, especially after open competition was decreed in 1968 to be sanitary. Eventually the touring pros even were permitted to compete for the Davis Cup for "expenses." And now actual prize money is available. It's about time. It's also about time that the Davis Cup format was

In other years, the Davis Cup had meaningless geographic zones, too many nations competing and a crazy-quilt schedule. Every so often, early matches for the following year were played before the final of that calendar year. No wonder nobody knew what the Davis Cup means. No wonder nobody cared.

Over eight decades the United States has won the Davis Cup more often than any other nation, 26 times (the last in 1979), but all that tradition slowly disintegrated.

Ashe wants to develop a sense of Davis Cup history to the American

tennis public. "This is going to be the biggest year for the Davis Cup," said Ashe, "since Tony Trabert and Vic Seixas won it for the United States in 1955 from Lew Hoad and Ken Rosewall before 25,000 people

#### On-the-Job Training

That was 1954, Arthur, not 1955 — but the year is not important Ashe's spirit is what's important. "It's an ongoing job," he said. "I'll be at Paris and Wimbledon and the U.S. Open talking to my players, trying to help them with their game.

Trying to help myself learn more about them, too. In the match with Mexico, I learned that it's a lot more complicated than I thought it would be. You can't treat everybody the same. Not everybody responds to urging. Not everybody trains the same way. John McEnroe is so gifted I don't make him practice five hours a day, but Roscoe Tanner needs five hours to groove his strokes."

Ashe, who won a record 27 singles matches during his cup career, also discovered that he now has several advisers who were once David Cup captains or coaches, notably Tony Trabert and Pancho Gonzales.
"Even though we lost the doubles to Mexico here," Ashe said, "Tony

helped me at the break after the third set. And we won the fourth set. You don't pick up everything as captain. I have more appreciation now for assistant basketball coaches. Every head coach needs all the help he can get."

Gonzales, once a Davis Cup coach, disagreed with Ashe's theory not to use his singles players in doubles. "He told me I was wrong, he told

me my theory was bulldust, that's the word," Ashe said. "I still

And if the cup is making a comeback, so is Ashe — from heart surgery that forced him to stop playing. "This job," said the 37-year-old Ashe, "is a good test to see if the surgeon did a good job."

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bition Baseball



HIALEAH, Fla. - Well Decorated came from third on the far turn Monday to edge favored Dash O' Pleasure by a nose in the Bahamas Stakes, a race of top Triple Crown prospects. Tap Shoes was third by a neck and Spirited Boy finished fourth.

Well Decorated, ridden by Donald Macbeth in his first start since October, ran the seven furlongs in 1.22.5 on a fast track. Sprited Boy opened up a two-

length lead near the quarter pole, but Well Decorated overtook him on the inside while Dash O' Pleasure moved on the outside. The leaders raced together to the wire. Well Decorated, a Florida-bred colt of Raja Baba, won three of six 1980 starts, including a 4½-length triumph over Tap Shoes in the

Saratoga Special and a two-length

over Lord Avie, winner of last

week's Florida Derby, in the Arl-

ington-Washington Futurity. Cure The Blues, a top Kentucky Derby probable, was a prerace scratch. The unbeaten colt's right front foot came up tender after being shod. Blues won his five 1980 starts as a 2-year-old by a combined margin of 38½ lengths.

#### **Broncos' Miller** Fired: Reeves Is Named Coach

The Associated Press DENVER - Red Miller has been fired as head coach of the Denver Broncos, and Dan Reeves, offensive coordinator for the Dallas Cowboys, has been hired to take his place, team sources say.
Miller was fired late Monday

Western Division.

coach.

United Press International

Morth American Secont League TORONRO—Signed Roady Roger, m

#### The Bard at Bat

B: Russell Baker

NEW YORK — Every time the teams go south for spring training I think back to the year George Steinbrenner bought Sweet Theater Cats.

around the middle of March still cold enough to freeze a foot

right off your sexameter --- and start warming up our cactyis and spondees. At east, that's what the press boys said we were doing but mostly we were drying out after a long winter of hoisting the tankards

around the Mermaid Tavern. George owned the Loch Ness Monsters in those days. A sad outfit when he picked them up. They still had a couple of oldtimers who had been good once. One of them had pitched "Ralph Royster Doyand the other later went into the Hall of Fame for "Grammer Gurton's Needle.

Baker

George, being George, wanted a winner and was willing to pay for it. That's now he got Kit Marlowe "Mighty Line Marlowe," the scribes called him - from the eeds Loons. Bought him for three butts of sack and a cask of doub-

The next year he bought O'Rare Ben Joason from the Canterbury Cassowaries. "I woulds't not play for the Loch Ness Monsters though they paid me in ships to the aumber of 900 and 99." Jonson wid George.

"Suppose I make it a thousand," said George. To which O'Rare said. "It's a deal."

Naturally, Marlowe didn't take to Jonson and Jonson didn't take to Marlowe after Kit, being introduced to O'Rare at spring training down in Lyme Regis, asked. "Is this the face that launched a thousand ships?"

So there was bad blood and it got worse the next year when George bought Sweet Will from the Globe Theater Cats. Will was coming off a 30-sonnet season. The hottest thing to hit the league since the Venerable Bede and a cinch to cop the Jeff Chaucer

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EN ASIA AND PACIFIC

Award once he licked his weakness for serving up the old mistaken-

identity plot. When time came for everybody to show up at Lyme Regis that spring, both Kit and O'Rare were Will Snakespeare from the Giobe absent. This was a disappoint-We'd all gather down there carvers, who had hoped to make woodcuts of George's three mighty stars embracing and showing each other their quill pens.

Instead, they had to be satisfed with woodcuts of Sweet Will warming up his soliloquy lines. Will obligingly posed for the carvers delivering a practice soliloquy that went, "Should I be or

"Just one more, Will!" cried the woodcarvers, but George tossed them out in a fury, which was caused by the arrival of heralds bearing tidings from Kit Marlowe

"Dear George," said Kit, "I cannot get to Lyme Regis before May, possibly August, due to an inflamed rotator cuff in my writing arm which makes it impossible for me to deliver two lines of iambic pentameter without intense pain."

Jonson's tiding was rambling and incoherent. A business crisis created by dry rot in his thousand ships required immediate attention, and what's more there were mice in all his writing doublets, and moreover his mother who was ailing and needed expensive bleeding almost daily was pleading with him to give up poetry and accept a high-paying offer to write sermons for the Bishop of London.

George showed Sweet Will the missives. "Hm," said Shakespeare, "What they will, Will dost well-know, and well wilt thou do, wilt thou take Will's most willing

"Speak English," said George. "Put money in their purse," said

This sent George through the roof.

"Shake not thy Georgey locks at me!" cried Shakespeare, striding out of camp. George persuaded him to return, but it was a bad season. Shakespeare wrote "Measure for Measure" instead of "King Lear," and George was so disgusted that he took a carrack to New York where, finding that somebody had already bought the Island, he settled for buying the New York Yankees.

New York Times Service

Mary Blume

#### Russian Poet on a Tightrope

DARIS - Andrei Voznesensky is a poet who is adored by his public, respected by his peers and tolerated — although not always - by the authorities.

In his native Russia it is not unusual for 14,000 people to attend his readings, for a volume of his poetry to get a printing of 280,000 copies (multiplied many times by black market reproduc-tions) and for 120 million to see him on television. "The great plus of our television, which is also a minus, is that it is very serious," Voznesensky says. He can be a merry and playful man although never a trivial one. "Voznesensky," said Robert Lowell, who was his friend, "is full of invention, fireworks and humor, but he is always writing about awkward, anguished

He cannot work at a desk and prefers to write in a forest. For a year he has been under a cloud for taking part in a revolt against literary censorship. After joining a group of writers in demanding publication of a collection of their censored works called "Metropol," he was banned from publishing or giving readings; his books were not sold or even giv-en out at public libraries. The punishment period over, the Metropol" group's works were published and Voznesensky found himself able to accept a vear-old invitation from his Paris publishing house.

#### In Picasso's Bed

After Paris he will visit Marc Chagall and the widow of Picas-so. The first time he visited the Picasso chateau the painter was still alive. "What music do you think he put on his record player? Tchaikovsky! Tchaikovsky's First Piano Concerto." Voznesensky thinks Picasso must have liked Tchaikovsky a lot: on his glass-topped record cabinet was a flock of silver-foil swans made from Evian bottle tops; a veritable Swan Lake

On his second visit, after Picasso's death, he slept in Picasso's bed and tried to use his shower. "But the water hit only my head and not my body. You see. Picasso was very small and the shower was used to him." Pi-



Poet Voznesensky: Pasternak, opera and rock. published in greater length in France. While he is away in Paris

Voznesensky's latest project is

taking form: an opera that will

open at the end of this month or

early April in Moscow. The nm-

sic was written by Alexei Ribni-

kov in a style that Voznesensky

says blends old Russian church

songs with rock and the libretto

is based on Voznesensky's long poem, "Story Under Full Sail,"

about a doomed early-19th-cen-

tury romance based on real life. "It is terrible, better than 'Romeo and Juliet,' " Voznesen-

The opera is part of the poet's

"When you have literature,

things have to be approved, published, transplanted. It can be

years before people can read it. Music is immediate and interna-

First Song

His first song, a rock number called "Girl on a Drum," is num-ber one in Russia. Set to a

thumping bear, it is about a drummer's hopeless love for a

girl "It is certainly unhappy love, he has to smile although his

heart is broken," Voznesensky says, laughing proudly as he plays a cassette of his song. "It's

new hobby, as he calls it, pop music (his favorite group is Pink

sky says.

Floyd).

tional."

casso is the subject of a new poem that Voznesensky considers his best:

"The first line is, 'I came to a painter after death.' You can play with Russian, I think in English you have to say his death. The last line is, 'Don't come to a painter after death.'
Who's dead? Me?"

The Russian language not only allows ambiguities, these days it demands them. Voznesensky has been a master of allusion since 1962 when Khrushchev violently attacked young modern artists and Voznesensky made a reply that has been called "a classic in any anthology of non-confession." He was a protege of Boris Pasternak from the age of 14 and the poet's faithful friend during his last, terrible years. A few months ago in Novy Mir Voznesensky published a loving memoir of Pasternak along with some of the poems from "Dr.

Zhivago.' "It's the first time Zhivago's poems have been published in Russia. They still haven't pubhished the novel but it is a beginning," Voznesensky said.

Pasternak was our number one in this century. Some say Mandelstam is the best and Mandelstam is great, but his country is smaller. It is very deep but smaller '

The Pasternak article will be

fun and it's grace," he says. "It's stopid but it's my new hobby." Voznescusky's life isn't of the sort that can include in silliness: what interests him is the thought of a new and even wider audi-eace. There are things you can say in songs that you cannot say

For youth it is not real, great poetry. It is like Picasso showed me a ceramic asistray he made. The song is my ashtray."

As he reaches for a greater public, Vozneseosky is writing poetry that is, he says, more metaphysical, more spiritual and analytical than his earlier work.

#### Years of Understanding

"Before, my poetry was more avant garde, avant garde in the Russian style. I have the idea that in the 80s we will try to understand what has happened in the 20th century. In the '20s they understood what the 20th century would be, now we can analyze what it was. These coming years are the most important because they are years of analysis and un-

"My aim is to push readers to analyze and to give them a method. I am not a genius of politics who gives answers to political problems. I am not a genius of economics who gives answers to economic problems. I am not a genius of Frend to give advice on how to love. I can only give the method to go deep inside events in people's everyday lives, to help them survive and find truth.

"Yes, poetry can change things. It changes everything because it changes people's minds. We change life not in the primitive sense that we teach things. I am a collectivist in the sense that one person cannot give an answer, one person cannot even give a question. We are all bees in a hive, the result is for them to

The perils are evident, if undiscussed Voznesensky is a nimble man, mentally and physically, and he has called himself an acrobat, a tightrope walker withont a safety net. He is 47 now: what will happen when age makes him less agile?
"I'll still walk the tightrope."

he says, laughing. "But without the rope."

#### PEOPLE: Rather Keeps Profile. As He Replaces Cronk

Dan Rather, who has substituted Notre Dame campus May for Walter Cronkite more than 50 receive honorary degrees, it times in his career, did not fumble the ball when he took over Monday as CBS Evening News anchor-man before a brand new blue-gray. backdrop. In fact, like a veteran quarterback, he passed it deftly from correspondent to correspondent, letting his team roll up the yardage - Leslie Stahl in Washyardage — Lessie Sonn in washington on President Rengan's latest budget cuts, Robert Plerpoint in Moscow on Leonid Brezhare's latest bid for a summit conference, and Mike Wallace on what lay behind that now famous Canadian rescue of six Americans in Tehran at the onset of the hostage crisis. Throughout the broadcast, Rather maintained a low personal profile. He didn't even open up his light gray jacket to flash the red and blue suspenders that are supposed to be his trademark. Even his signoff was low key — nothing like Ed-ward R. Murrow's famed "Good night and good luck," or Cronk-ite's comforting assurance that "That's the way it is." "Until to-

Ronald Resean and his co-star in the film classic "Knute Rockne — All American" will return to the

News," he said. "Good night."



Lady Diana Spencer drew gasps of delight from a furs-and-diamonds andience of her hamonds audience at her first public engagement with Prince Charles, whom she marries in July, with a black chiffon, off-the-shoulder evening gown with a plunging neckline. They appeared at a charity show at the Goldsmiths' Hall in London.

lege announced. Reagan will er the commencement addi the University of Notre I school spokesman said in Bend, Ind. He said Reaga

receive an honorary doctor c degree and his co-star i Rockne film, Pat O'Brien, al-C'Brien played Knute Rocks
Reagan played legendary ha
George Glop in the film, ma
the Notice Dame campus in
1940. Reagan will be the fifth
resident to receive an hor

Cutty Sark Scotch Whisky the sole agent in Japan for Bros. and Rudd Ltd. said-Thatcher will help sell a new ium Scotch called Cutty 12 s anese consumers. They said arrive in Japan this moath a television commercials and for photographs. The agent Thatcher had his mother's ar

district spelling bee by kn bow to spell "adoration."

sculpture of Rocky Balbon made it clear that while the k filmmakers are done prod "Rocky III." Museum official arms in a heartening salute.

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